

1 GRAND VICTORIA CASINO & RESORT
2 LICENSE RENEWAL PRESENTATION

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4 The public meeting regarding the
5 License Renewal of Grand Victoria Casino & Resort
6 held before the Indiana Gaming Commission, taken
7 by Barbara E. Lambers, RMR, Notary Public in and
8 for the County of Hamilton, State of Ohio, held at
9 the Grand Victoria Casino & Resort, 600 Grand
10 Victoria Drive, Rising Sun, Indiana, on December
11 6, 2001.

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20 INDIANA GAMING COMMISSION
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1 APPEARANCES:

2 On behalf of the Gaming Commission:

3 JACK THAR
4 DONALD VOWELS
5 THOMAS MILCAREK
6 DAVID ROSS
7 DAVID GETTELFINGER
8 CYNTHIA DEAN
9 BILLY HAMILTON

10 On behalf of the Grand Victoria Casino:

11 DAN AZARK
12 LARRY BUCKS
13 EARNEST EAST
14 MARK HAMMERLE
15 LARRY LEWIN
16 RICHARD L. SCHULZE

17 Also Present:

18 Mayor John Roeder
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1 MORNING SESSION, DECEMBER 6, 2001.

2 CHAIRMAN VOWELS: We will go ahead
3 and call the meeting to order. It is
4 approximately seven minutes after ten local
5 time. All Commissioners are present with
6 the exception of Commissioner Darko.

7 Come the first matter on the agenda,
8 approval of the minutes. We have minutes
9 from the telephonic business meetings of
10 November 7, 2001, and November 16, 2001.
11 The November 7, 2001, are minutes that were
12 amended as of today. And everyone was
13 present with the exception of Mr.
14 Bochnowski. Is there a motion in reference
15 to the November 7, 2001 minutes?

16 MR. MILCAREK: Accept.

17 CHAIRMAN VOWELS: There is a motion
18 to accept. Is there a second?

19 DR. ROSS: Second.

20 CHAIRMAN VOWELS: Any further
21 discussion?

22 All those in favor say aye.

23 (Everyone said aye.)

24 CHAIRMAN VOWELS: Show the minutes
25 approved.

1 CHAIRMAN VOWELS: Next minutes,
2 November 16, 2001, where everyone was
3 present. Is there a motion in reference to
4 those minutes?

5 MS. BOCHNOWSKI: Move to approve.

6 CHAIRMAN VOWELS: Is there a second?

7 MR. CARLTON: Second.

8 CHAIRMAN VOWELS: Any further
9 discussion?

10 All those in favor say aye.

11 (Everyone said aye.)

12 CHAIRMAN VOWELS: I show those
13 approved.

14 Next matter on the agenda, report of
15 the Executive Director, Mr. Thar.

16 MR. THAR: Thank you. And the first
17 item is to again introduce, live, rather
18 than on the telephone, our newest
19 Commissioner participating, first live
20 duty, Mr. Dale Gettelfinger.

21 Mr. Gettelfinger, is there any words
22 you would like to say?

23 MR. GETTELFINGER: Thank you for your
24 welcome. I look forward to this
25 opportunity to be of service to the State

1 of Indiana and its citizens.

2 MR. THAR: I only have two things on
3 the Executive Director's report. The
4 first, this is in regards to Horseshoe
5 Gaming. Is there anyone here from
6 Horseshoe Gaming today?

7 Horseshoe Gaming in October 2001, you
8 have a copy of the letter, requested the
9 ability to -- and have proposed -- to do
10 pushdown accounting with regard to the
11 acquisition of Ambrose and Hammond, which
12 is now Horseshoe Hammond, Inc. They
13 provided us with a recap within their
14 letter as well as balance sheets with
15 pushdown adjustments, which have been
16 provided to you.

17 From a staff point of view, we do not
18 see that this is something that needs a
19 resolution, but rather when it is all said
20 and done, it doesn't really affect anything
21 much. That it is something that we should
22 note in the minutes as being okay with the
23 Commission, if it is, in fact, okay with
24 the Commission. If it is not, then we
25 would put it on the agenda for the next

1 meeting and have it more discussed openly.

2 From a staff point of view, we do not
3 see it has any affect on the financing. We
4 had Professor Sullivan take a look at this.
5 She finds no consequence from a financial
6 point with regards to the company. And as
7 such, the staff would recommend to the
8 Commission that the push down accounting be
9 allowed with regards to Horseshoe Hammond.
10 And a minute notation that it has been
11 okay'd by the Commission be set forth in
12 the minutes.

13 CHAIRMAN VOWELS: I don't know what
14 pushdown accounting means. Can you put it
15 in a nutshell for me?

16 MR. THAR: I wouldn't put it in a
17 rough nutshell, but ask the Commissioner to
18 put it in a better nutshell. They
19 basically want to take a debt associated
20 with that particular project and move it
21 from financial documents of the parent
22 company and put it at the financial
23 documents of the project to which the data
24 belongs. Dale?

25 MR. GETTELFINGER: That's

1 satisfactory, yes.

2 MS. BOCHNOWSKI: So the debt that
3 we're talking about being pushed down or
4 whatever, is that what relates to that
5 particular project?

6 MR. THAR: Right.

7 MS. BOCHNOWSKI: So that project is
8 only upon itself?

9 MR. THAR: That's correct

10 CHAIRMAN VOWELS: Does anyone have
11 any problems with that?

12 Since there is no further discussion
13 on it, that approach is approved.

14 MR. THAR: The second thing is also a
15 financing, inter-company financing with
16 regard to Caesars. Mr. Gifford, we do not?

17 MR. GIFFORD: No. We don't have that
18 documentation prepared yet.

19 We'll just defer that to the next
20 meeting, if that's appropriate?

21 MR. THAR: Okay. In that event, I
22 only have one item on my Executive
23 Director's report. Everything else we have
24 done since the last telephonic,
25 approximately two weeks to today, it has

1 been geared towards. Any questions on
2 that?

3 CHAIRMAN VOWELS: No. All right.
4 Thanks.

5 Then the next matter on the agenda is
6 old business. Is there any old business?
7 There is never any old business.

8 New business. Occupational License
9 Matters. And, Ms. Chelf, you will be
10 handling --

11 MRS. CHELF: Good morning,
12 Commissioners. The Commission issued Ms.
13 April Miller a temporary occupation license
14 permit to work for argosy Casino as a soft
15 drink attendant on June 22, 2001.

16 CHAIRMAN VOWELS: Jennifer, can you
17 pull that mike down? Thank you.

18 MS. CHELF: On November 4, 2001,
19 Argosy security and surveillance agents and
20 commission agents gathered evidence that
21 Ms. Miller had stolen approximately \$3400
22 while performing her duties as a soft drink
23 attendant. Miss Miller admitted to taking
24 \$2000.

25 Argosy terminated her and a theft

1 report was filed with Dearborn County
2 prosecutor's office. The Commission staff
3 revoked Ms. Miller's temporary occupational
4 license and denied her application for a
5 permanent license on or about November
6 14th, 2001.

7 The Commission will need to either to
8 uphold or overrule the revocation of her
9 temporary license and denial for
10 application for a permanent license. The
11 Commission staff recommends the Commission
12 uphold the staff's action and deny her
13 application for an occupational license.
14 If the Commission denies her application.
15 She will have the opportunity to appeal the
16 matter to administrative law judge.

17 CHAIRMAN VOWELS: Thank you. Any
18 questions for Ms. Chelf?

19 In front of us we have Commission
20 action on revocation of temporary license
21 and application for occupational license of
22 April Miller. It calls for us to deny or
23 approve the application for occupational
24 license for Ms. Miller. Is there a motion
25 to deny or approve that application?

1 MR. CARLTON: Move to uphold the
2 revocation.

3 CHAIRMAN VOWELS: And so we have a
4 motion to deny the application. Is there a
5 second?

6 MR. GETTELFINGER: Second.

7 CHAIRMAN VOWELS: Any further
8 discussion?

9 All those in favor of denial of the
10 application say aye.

11 (Everyone said aye.)

12 CHAIRMAN VOWELS: I show the
13 application is denied.

14 All right. The next matter on the
15 agenda are Supplier License Matters. Ms.
16 Dean, are you handling that.

17 MS. DEAN: That's correct. Thank
18 you.

19 Good morning. You have before you
20 Resolution 2001-40, a Resolution concerning
21 the renewal of suppliers' licenses.

22 International Electronic Protection
23 is one of the companies. They received a
24 supplier's license on December 15th and a
25 renewal of the license on February 22nd.

1 I'm sorry -- the license was granted
2 December 15, 1997, and renewals were done
3 on February 26, 1999, January 27, 2000, and
4 December 7th of 2000.

5 The second company is IGT. They
6 received their original supplier's license
7 on January 20th of 1998, and a renewal of
8 the license on February 26th, 1999, January
9 27th of 2000 and December 7th of 2000.

10 The third company is Midwest Game
11 Supply Company, which received its
12 supplier's license on January 27th of 2000,
13 and renewal on March 2nd of 2001. And in
14 accordance with Indiana Code Section
15 4-33-7-8 and 68 IAC 2-2 supplier's license
16 must be renewed annually. This licensees
17 have request renewal of their license and
18 have and paid a \$5,000 annual renewal fee.

19 At this time International Electronic
20 Protection, IGT, and Midwest Game Supplies
21 Company request the Commissioner to renew
22 their suppliers' licenses, and it is in the
23 opinion of the Commission staff, that they
24 remain suitable for licensure.

25 CHAIRMAN VOWELS: Any questions from

1 Ms. Dean?

2 All right. Then in front of us we
3 have Resolution 2001-40, a Resolution
4 concerning the renewal of suppliers'
5 license for International Electronic
6 Protection, IGT and Midwest Supply Company.
7 Is there a motion in reference to
8 Resolution?

9 MS. BOCHNOWSKI: Move to renew those
10 suppliers' license.

11 CHAIRMAN VOWELS: Is there a second?

12 MR. ROSS: Second.

13 CHAIRMAN VOWELS: All those in favor
14 say aye.

15 (Everyone said aye.)

16 CHAIRMAN VOWELS: Show the resolution
17 is approved.

18 Ms. Dean, you have other resolutions?

19 MS. DEAN: I do. Also before you is
20 Resolution 2000-41 concerning the
21 application of Tech Innovations, Inc. for a
22 supplier's license. Tech Innovations is a
23 newly formed company having been
24 incorporated on May 1st of 2000. Tech
25 Innovations is a privately held company

1 with two key individuals owning 50 percent
2 each of the company. The individuals are
3 Matthew Linderman, and the Chief Executive
4 Officer, and Francis A. Murphy, the Chief
5 Technical Officer.

6 Tech Innovations manufacturers and
7 designs software tracking accounting
8 systems as well as wireless devices, which
9 allow casino personnel to access management
10 systems while on the casino floor. Tech
11 Innovations has submitted the application
12 fee and has a letter of intent to do
13 business with Horseshoe Hammond. Should
14 the Commission grant the supplier's license
15 to Tech Innovations, it would be subject to
16 the conditions on page 2 of the resolution,
17 including payment of all background fees
18 and yearly licensure fees, maintenance of
19 records, maintain adequate insurance,
20 comply with all the rules and resolutions
21 of the Commission, maintain suitability and
22 to timely request renewal of the license.

23 Tech Innovations asks that you grant
24 them a supplier's license to do business in
25 Indiana.

1 CHAIRMAN VOWELS: Any questions for
2 Ms. Dean?

3 Resolution 2001-41 granting a
4 supplier's license to Tech Innovations. Is
5 there a motion in reference to this
6 resolution?

7 MS. BOCHNOWSKI: I move that we grant
8 the suppliers license.

9 CHAIRMAN VOWELS: Is there a second?

10 MR. MILCAREK: Second.

11 CHAIRMAN VOWELS: Any further
12 discussion?

13 All those in favor say aye.

14 (Everyone said aye.)

15 CHAIRMAN VOWELS: Resolution 2001-41
16 granted.

17 Thank you, Ms. Dean.

18 The next matter on the agenda, mr.
19 Thar, is with you, MBE/WBE plan
20 presentations.

21 MR. THAR: No, renewal of Aztar's
22 license.

23 CHAIRMAN VOWELS: All right. On my
24 agenda it jumped down there. That's fine.

25 MR. THAR: I'm sorry, which way would

1 you like to take it, Mr. Chairman? You're
2 the boss.

3 CHAIRMAN VOWELS: Yeah, right. I
4 think I'll go with the renewal of Aztar's
5 One-Year License.

6 MR. THAR: We have discussed two
7 prior telephone meetings, the fact that,
8 absent the problem with a licensee who has
9 not been through the reinvestigation phase,
10 the renewal of the license for years one
11 and two, before the three-year
12 investigation, would be administerial or
13 administrative. As such, we have prepared
14 for you an order of the Indiana Gaming
15 Commission which was voted upon by all
16 members, would indicate that Aztar's
17 license renewed is for one year, commencing
18 December 8, 2001, and expiring December 7,
19 2,002.

20 James Brown, the General Manager and
21 Vice-President of Aztar heads up the
22 property in Evansville, called and asked
23 whether or not somebody from Aztar needed
24 to be present. The difficulty in getting
25 -- because as you know Mr. Chairman -- from

1 Evansville to Rising Sun for an
2 administerial task, would take 50 minutes,
3 probably was not worth it. so they did not
4 send anybody on their behalf at my
5 suggestion.

6 So before you have what we previously
7 described is the form order renewal of that
8 license. If you so approve, the staff will
9 advise that we have -- that they do from
10 everything we know, comply with all
11 statutory requirements of holding a
12 license.

13 CHAIRMAN VOWELS: All right. Then,
14 any questions from Mr. Thar on that?

15 In front of us we have an order of
16 the Indiana Gaming Commission for renewing
17 the riverboat owner's license of Aztar
18 Indiana Gaming Company. Is there a motion
19 in reference to this order?

20 MR. ROSS: I move to renew Aztar's
21 license.

22 CHAIRMAN VOWELS: And is there a
23 second?

24 MS. BOCHNOWSKI: Second.

25 CHAIRMAN VOWELS: Any further

1 discussion?

2 All those in favor say aye.

3 (Everyone said aye.).

4 CHAIRMAN VOWELS: It is approved.

5 Then the next matter Disciplinary
6 Action regarding Majestic Star, Argosy.
7 And Ms. Susan Brodnan.

8 MS. BRODNAN: Good morning. You have
9 before you for approval settlement
10 agreement 2001-MS-2 regarding Majestic Star
11 Casino.

12 On or about July 15, 2001, a minor
13 boarded the riverboat for the 2:00 a.m.
14 boarding. The minor was present and
15 discovered approximately two hours later.
16 She was then asked for identification. She
17 produced an ID showing her to be only 20
18 years old.

19 The action from Majestic Star
20 described, violated Indiana Gaming Rules.
21 Commiss staff and Majestic Star agree
22 sanctions be imposed. Commission staff
23 recommend the Majestic Star will agree to
24 pay a fine in the amount of \$1,500. A
25 settlement agreement has been executed and



1 approved the terms of that agreement to
2 resolve this matter.

3 CHAIRMAN VOWELS: Any questions for
4 Ms. Brodnan?

5 Thank you, Ms. Brodnan.

6 Then we have the Commission action
7 with regard to the settlement agreement
8 Majestic Star Casino. Is there a motion
9 approve or disapprove the proposed terms
10 the agreement?

11 MR. MILCAREK: I move to approve
12 settlement.

13 CHAIRMAN VOWELS: Is there a second?

14 MR. ROSS: Second.

15 THE COURT: Any further discussion?

16 All those in favor say aye.

17 (Everybody said aye.)

18 CHAIRMAN VOWELS: I show the
19 settlement agreement is approved.

20 And then, Ms. Chelf, you have
21 something in reference to the Argosy?

22 MS. CHELF: The Commission staff
23 issued a disciplinary action Number 01-AR-2
24 against Indiana Gaming Company, L.P.
25 Argosy, on or about November 28, 2001.

Argosy

1 I think that the issue before the
2 Commission is presently this. In November
3 of 1999, Caesars had an affirmative action
4 plan approved by this Commission which
5 calls upon them to do certain things.

6 The reason for the action plan was
7 that Caesars was, at that time,
8 approximately 30 million behind where they
9 should have been had they attempted during
10 the course of the early phases of their
11 construction, to comply with the statutory
12 goals of the Indiana Riverboat Gaming Act,
13 which is ten percent minority business
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11 construction, to comply with the statutory
12 goals of the Indiana Riverboat Gaming Act,
13 which is ten percent minority business
14 enterprise expenditures and five percent
15 women business expenditures.

16 This affirmative action plan that was
17 approved required, in part, for Caesars to
18 and utilize certain monies that would be
19 put in escrow account to help seed
20 businesses to the extent that would be
21 necessary for them to achieve their goals.

22 There is a statement by Caesars that
23 they would makeup the 30 million they were
24 in arrears as well as come into compliance
25 currently. And that they would continue to

1 report to set up various committees and
2 hire certain individuals to assure these
3 representations were carried through.

4 I think before us today we have what
5 might be described as a success story in
6 this area. I believe that Barry wishes to
7 ask us if they can stop the continual
8 reporting and just do the same reporting
9 that every other casino does now. Because
10 they have, in fact, according to their
11 reports and our review of them, fulfilled
12 all the obligations that they have set
13 forth that they would with regard to their
14 affirmative action plan and goals.

15 With that, kind of overview, I turn
16 it over to you, Mr. Morris, for your
17 discussion.

18 MR. MORRIS: Thank you.
19 Mr. Chairman, members of the Commission,
20 Mr. Thar and staff, I have some prepared
21 notes so I can pick up on all salient
22 points. However, at the conclusion of my
23 notes, I'm available and members of my
24 staff will be available to take any
25 questions.



1 My name is Barry Morris.

2 MS. BOCHNOWSKI: Excuse me, just one
3 moment. Would you mind if -- you're a
4 little far away from the microphone. I'm
5 just having a hard time understanding your
6 face.

7 MR. MORRIS: Is that matter?

8 MS. BOCHNOWSKI: Thanks so much.

9 MR. MORRIS: Barry Morris, General
10 Manager, Caesars Indiana. As you know, in
11 November of 1990, the Commission directed
12 Caesars to implement a plan of action to
13 address Caesars shortcomings in the amount
14 of business it was doing at that time with
15 minority and women-owned business.

16 In May of 2000, I appeared before you
17 to describe how we implemented the action
18 plan up to that point. Every month you
19 received a status report from us about our
20 ongoing efforts. This is a copy of the
21 most recent report from November. Today,
22 I'm very pleased to report the following to
23 you:

24 Since November 1999, we have met or
25 exceeded statutory goals for MBE



1 expenditures for each quarter, including
2 the last quarter of 1999. We have met our
3 WBE goals in 1999, 2000 and this year. In
4 fact, we have led the state for the past
5 two years, both in terms of total dollar
6 volume of business of MBES; and a
7 percentage of business that we have done
8 with MBES.

9 Our total project basis we spent 457
10 million from the beginning of the project
11 to the end of October. Of that amount, we
12 have spent \$77 million with minority-owned
13 firms, or 17 percent of the total project
14 cost. And we have spent 20 million
15 dollars, or just under five percent, which
16 is actually 4.4 percent with women-owned
17 firms. We have spent nearly 600,000 over
18 the past two years to implement our action
19 plan.

20 In June of this year, we submitted a
21 comprehensive report to the Commission that
22 detailed the specific initiatives and steps
23 that we have taken to bring us to where
24 we're today. I won't go into these
25 details, unless you would like me to, only

1 to note one major contract that's not
2 listed in the report. Just like a week
3 ago, we signed a million dollar-plus
4 contract with Hahmy Construction, a
5 minority-owned firm for the construction of
6 the clubhouse at our golf course.

7 Instead of going into other details,
8 I'd like to introduce and acknowledge
9 several people at Caesars Indiana whose
10 efforts are responsible for the success as
11 outlined. Bill Joyce is our Vice-President
12 for legal and regulatory affairs, and is
13 overall responsible for compliance with
14 statutory goals.

15 Nel Hill. Nel has been our
16 Purchasing Director for several years, and
17 has been quite instrumental with working
18 with minority-owned vendors to help them
19 grow their businesses. And in turn, they
20 have become valuable suppliers for our
21 operation.

22 I also need to tell you that Nel has
23 been given several awards, both nationally
24 and locally, for her hard work in securing
25 minority-owned contractors.

1 Anita Fields is our Diversity
2 Coordinator, and is engaged in a very
3 active outreach program to minority and
4 women-owned businesses in the area. She
5 serves on numerous committees and boards in
6 the community, and she helps us oversee our
7 day-to-day initiative with minority
8 business.

9 Tony Buford serves as an outside
10 consultant for us, and has been
11 instrumental in identifying business
12 opportunities for us. More recently has
13 helped us establish the Southern Indiana
14 Minority Enterprise Initiative, otherwise
15 known as SIMEI, which I will discuss in
16 more detail in a moment.

17 We're very proud of the fact that Ms.
18 Fields and Mr. Buford were invited to
19 participate on the panel this fall of the
20 Indiana Black Legislative Caucus
21 Legislative Conference, where they
22 described how MBE successfully do business
23 with the riverboats. Caesars Indiana was
24 recognized by representative Bill Crawford
25 and others at that session for our

1 commitment doing business with minority and
2 women-owned businesses. If I might, I
3 would like to say a little bit more about
4 SIMEI, because I think it demonstrates our
5 ongoing commitment to develop strong
6 relationships with the minority business
7 community.

8 As you know, we have a very active
9 MBE/WBE advisory committee, made up of
10 business and community leaders from the
11 Southern Indiana and Louisville area. They
12 have helped us immensely with our outreach
13 programs. At our monthly meetings, which I
14 attend, one of the issues we frequently
15 discuss is the balance of lack of minority
16 and female-owned businesses in our
17 immediate area.

18 So earlier this year, the advisory
19 committee decided simply
20 identifying existing firms was not
21 sufficient. Instead, our committee decided
22 it needed to place more emphasis on
23 developing and assisting small female and
24 minority-owned firms, most especially those
25 in Clark, Floyd and Harrison counties.

1 The result of these discussions is
2 the Southern Indiana Minority Enterprise
3 Initiative. We are providing \$250,000 of
4 startup capital to help fund this
5 initiative. The project includes
6 representatives from the local chambers of
7 commerce, community organizations,
8 nonprofits, academia and government
9 agencies, both state and local.

10 SIMEI has leased office space in
11 Jeffersonville, and will be available to
12 provide business and technical assistance
13 to small underdeveloped and/or underfunded
14 minority and women-owned businesses. Some
15 of our startup money will be available to
16 qualified businesses for grants all over.
17 We're very excited by this program because
18 of the significant opportunities it
19 creates; not just for us, but for our
20 region.

21 In sum, we believe that we have done
22 everything that we told you we would do in
23 our action plan, and quite a little bit
24 more. We'll certainly continue our
25 initiatives and we will continue to meet

1 our obligations regarding minority and
2 women-owned businesses. We trust that you
3 agree that we have met all of our
4 obligations imposed upon us in connection
5 with our action plan, and that there is no
6 need for any further remedial action by
7 this Commission. We would be pleased to
8 answer any questions or provide more detail
9 of any of our efforts. I thank you.

10 CHAIRMAN VOWELS: Mr. Morris, I was
11 looking at Exhibit 4 of the total MBE
12 purchases year-to-date, September 2001.
13 There is a reference to the Sherman Schnute
14 Company of Indiana at 45 million dollars,
15 which is a significant portion of the
16 purchases. My understanding is that is for
17 construction; is that correct; if you know?

18 MR. MORRIS: That was construction of
19 the hotel tower. They were our general
20 contractor.

21 CHAIRMAN VOWELS: And I assume that
22 that's -- with that being a large portion
23 of that, are you going to be able to
24 continue to meet, give the very high, 51
25 percent, I believe is what it is. you'll

1 still be at about ten percent, will you
2 not, I would assume after that?

3 MR. MORRIS: On an operating basis,
4 we meet goals and we exceed the goals.
5 Even now we're through with most of our
6 construction opportunities. We will
7 continue on an upgraded basis with buying
8 products and services to do our everyday
9 business. We continue to meet our goals
10 unsurpassed.

11 CHAIRMAN VOWELS: All right. Is
12 there any communication, any other gaming
13 companies along the Ohio River as to a
14 listing of minority business and
15 women-owned businesses.

16 MR. MORRIS: We have shared our
17 vendors with those other entities. We have
18 continued to work with them. We think that
19 as part of the SIMEI some opportunity for
20 that, those workers as one cohesive team.
21 If we're asked to give a vendor, we
22 certainly will do that. On the opposite
23 side, if they're looking for a vendor, we
24 don't hesitate to tell people.

25 CHAIRMAN VOWELS: Any questions for

1 Mr. Morris?

2 Thank you.

3 MR. MORRIS: Thank you.

4 MR. THAR: Mr. Morris, you had
5 indicated that even without the
6 construction expenditures you have had to
7 date, you would continue to meet or exceed
8 your goals?

9 MR. MORRIS: That's correct.

10 MR. THAR: Are your goals statutory
11 goals, or are your goals higher?

12 MR. MORRIS: Our personal goals are
13 clearly higher than that. We're very, very
14 focused on meeting the statutory goals. We
15 expect SIMEI will give us the opportunity
16 to exceed those significantly.

17 MR. THAR: Absent the construction
18 spent on 12 months going forward, what
19 would you anticipate your expenditures to
20 be for the minority and women-owned
21 businesses? What are your goals?

22 MR. MORRIS: I'm going to defer to
23 Bill Joyce, he has the exact numbers now.

24 MR. JOYCE: Commissioner, we have
25 done an analysis, just based upon what our

1 projected expenditures will be in 2002, and
2 we're looking at about five-and-a-half
3 percent female and about 15 percent
4 minority. This is absent any construction
5 that's going on.

6 MR. THAR: Was the WBE number
7 five-and-a-half percent, 5.5?

8 MR. JOYCE: Yes.

9 CHAIRMAN VOWELS: In my home town OF
10 Evansville, there is a firm called HMR
11 Enterprises that you used, do you know what
12 they do?

13 MR. JOYCE: Yes.

14 CHAIRMAN VOWELS: What do they do?

15 MR. JOYCE: HMR Enterprises is a
16 company located in Evansville. We do a
17 significant amount of our food purchases
18 from that company.

19 CHAIRMAN VOWELS: Okay. And there is
20 also back home a thing called D&B
21 Promotional Services. What kind, if you
22 know -- do you know what they do?

23 MR. JOYCE: I'm sorry?

24 CHAIRMAN VOWELS: D&B Promotional
25 Services.

1 MR. JOYCE: Our Purchasing Director
2 would know, I believe that's where we get
3 our -- some of our marketing, promotional
4 items from.

5 CHAIRMAN VOWELS: Okay. Any
6 questions? Mr. Thar, anything further?

7 MR. THAR: I believe that's what they
8 have represented that they would do in
9 1999, and what they're representing today
10 they did do is in fact very accurate. It
11 was a very lofty undertaking, very
12 ambitious undertaking is probably more
13 accurate. Because, one, at that time I
14 would have doubted whether or not they
15 could actually makeup approximately 30
16 million in expenditures that had been lost
17 as of November of 1999.

18 MS. BOCHNOWSKI: Jack, I know that
19 you and staff have worked very closely with
20 Caesars, and you feel that this is an
21 accurate representation of what you have
22 last occurred?

23 MR. THAR: We do. And Ms. Brodnan
24 who is the person on our legal staff that
25 does it on a daily basis, I think that the

1 numbers have been confirmed not only
2 through Ms. Brodnan and the Indiana Gaming
3 Commission, but also through the minority
4 Business Development Commission. Based
5 upon both of those agencies, there is no
6 reason to question anything that has been
7 put forward.

8 MS. BOCHNOWSKI: I commend you on
9 your efforts.

10 CHAIRMAN VOWELS: Because when this
11 first came around back in '99 or so, we
12 were very disappointed, and you did come
13 forward with this plan. And I was somewhat
14 skeptical, too. I'm impressed that you
15 were able to accomplish what you had
16 promised us. So it can be done. I'm glad
17 you listened to us.

18 MR. MORRIS: Thank you.

19 CHAIRMAN VOWELS: Thank you. Mr.
20 Thar, there was a discussion about their
21 reporting requirements. Do you have a
22 suggestion there?

23 MR. THAR: I think that at this point
24 in time that what Caesars would ask is that
25 they be relieved of those extra reporting

1 requirements and funding aspects that were
2 set forth in their action plan. And that
3 they be allowed to report now to the
4 Commission, Minority Business Development
5 Commission, as any other casino would. It
6 is kind of like -- have we fulfilled the
7 terms of our probation; if so, can we now
8 be relieved of it? Is that the relief
9 you're asking for?

10 MR. MORRIS: Very well put. Yes,
11 that's exactly what we're asking for.

12 MS. BOCHNOWSKI: Would there still --
13 because we kind of -- because of what
14 happened at Caesars, we took more notice of
15 what everybody else was doing. Even though
16 we would relieve them of some of that red
17 tape, which I don't want to be the one that
18 creates extra red tape, could we still
19 somehow get reports yearly?

20 MR. THAR: All casinos report
21 quarterly.

22 MS. BOCHNOWSKI: That's what I
23 thought. We still get that quarterly
24 report?

25 MR. MORRIS: Without question. And

1 if the Commission asked us to report
2 monthly, there would be no great harbor as
3 far as doing that. We keep our records
4 extremely current. If for the next 12
5 months you prefer that, we're very happy to
6 do that.

7 MS. BOCHNOWSKI: Quarterly would
8 probably be fine.

9 MR. THAR: Everyone reports
10 quarterly. In view of the direction this
11 particular company is going, you can always
12 go to monthly, if they seem to drop off. I
13 think quarterly at this point in time would
14 be sufficient. So I think what they're
15 looking for is a directive from the Indiana
16 Gaming Commission an offer-type of form
17 that we would formulate, if the Commission
18 wants to do that, that basically says: As
19 of this date they are relieved of the extra
20 requirements set forth in the action plan.
21 They will now proceed under the rules and
22 regulations as set forth by Indiana Gaming
23 Commission.

24 MR. MILCAREK: I think it is a good
25 idea to show this Commission is taken

1 serious when one sets a goal, but also
2 shows the attitude and understanding,
3 gratitude, and understanding when they
4 attain it.

5 CHAIRMAN VOWELS: I think that's a
6 fair assessment. I take it, then, the
7 Commission is all right with the quarterly
8 reporting then?

9 All right. Congratulations.

10 MR. MORRIS: Thank you very much.

11 MR. THAR: We will prepare an order
12 then that reelects that.

13 CHAIRMAN VOWELS: Okay. All right.

14 Then the next matter on the agenda
15 under this plan and presentation is
16 Belterra. I'm sorry, I have a completely
17 different agenda.

18 MR. THAR: I think what we would like
19 to do is take Trump and Majestic Star
20 jointly, because basically it starts out
21 focusing on the same issue.

22 If you will remember during the
23 course of the license renewal hearings for
24 both Trump and Majestic Star, an attorney
25 from an organization, I believe it is

1 called the Black Agents Brokers
2 Association, step forward and indicated
3 that he believed that Buffington Harbor, a
4 joint venture between Trump and Majestic
5 Star, as well as Trump and Majestic Star,
6 were taking inappropriate amounts of credit
7 for expenditures that they were not
8 entitled to. To put it in simple terms, he
9 claimed that they were in fact deducting,
10 the complete amount of premiums paid for
11 insurance, rather than limiting it to the
12 amount of the brokerage fee. The BABA was,
13 in fact, a brokerage company, not an
14 insurance company.

15 We indicated to that attorney that we
16 would in fact investigate this. And today
17 we have. Today we have before us the
18 results of the investigation that were
19 independently done by outside counsel hired
20 for this purpose by Trump, Majestic Star
21 and Buffington Harbor. And Mr. Tom Farlow,
22 attorney with the law firm of Locke
23 Reynolds. Also Mr. Farlow is closest to
24 the podium. Next is Cathy Walker, General
25 Manager of Trump. Michelle Sherman,

1 Michelle, you are with Barden Development
2 Company and your title is?

3 MS. SHERMAN: Vice-president.

4 MR. THAR: Vice-president. And David
5 Wolf sitting next to Michelle as the acting
6 General Manager for Majestic Star Casino.

7 I think that maybe to start on this,
8 we want to hear the report of Mr. Farlow,
9 is that where you would like to start?
10 Would you like the podium, Tom, or would
11 you rather sit?

12 MR. WOLF: Mr. Thar, Commissioner, my
13 name is Tom Farlow. I'm an attorney with
14 the law firm of Locke Reynolds.

15 In September of 2001, we were -- I
16 was retained, our firm was retained by
17 Trump, to look into the BABA Near North
18 business arrangement as it related to
19 Trump. Thereafter, in October, Buffington
20 Harbor, who had a similar arrangement,
21 asked us if we could undertake the
22 investigation on their behalf. We agreed
23 to do so. And then in November of this
24 year, Majestic Star made a similar request,
25 and we consented to that because they are

1 similarly situated.

2 The task that I undertook was to
3 determine the nature of the BABA Near North
4 relationship, the nature of the BABA Near
5 North relationship as it related to
6 casinos, the payment methodology developed
7 for the payment of the insurance. And then
8 third, the origin of the practice of
9 reporting the entire insurance payments as
10 an MBE payment. So those are the three
11 basic issues that I looked into.

12 My investigation consisted of talking
13 to more than 30 different individuals. I
14 officially interviewed approximately 20
15 individuals. Each of the clients who asked
16 me to undertake this task, gave me free
17 access to their books and records, and
18 understood that I had an obligation to
19 report my findings to the Commission,
20 irrespective of what they might be.

21 Part of what I did was a bit of a
22 learning process for me. I needed to
23 understand the sale of insurance to casinos
24 and what that involved. What I learned by
25 talking to the management, director and

1 management at Near North, and by talking to
2 Roosevelt Heywood at Black Agents and
3 Brokers, Inc., is that the sale of
4 insurance to a casino boat is a fairly
5 sophisticated product. That there are many
6 different aspects to that, many different
7 kinds of policies and all kinds of
8 coverage.

9 That there are very few insurance
10 brokers in the country that have the depth
11 of experience and have the contacts with
12 the large companies insuring Lloyds of
13 London that can sell the total package to a
14 casino boat.

15 I also learned that there are two
16 aspects to the sale of insurance from a
17 broker's standpoint. That the first aspect
18 would be the client contact and marketing.
19 I might analogous that to the same
20 relationship that each of us individuals
21 might have to our insurance agents who
22 calls us on a fairly regular basis.
23 Introduces us to new products. Talks to us
24 about coverage, assesses what our coverage
25 issues are.

1 The second aspect to a broker's
2 responsibilities are the transmittal of
3 information to the insurance companies.
4 You make a claim to your insurance. Once
5 again, analogous that to what we do in our
6 daily lives with our insurance agents when
7 we have a claim. We might contact our
8 insurance broker who then acts as an
9 intermediary with our insurance company.

10 I also learned by talking to
11 Roosevelt Heywood, III, and by talking to
12 the attorney for the other principals of
13 BABA. I learned that BABA, Black Agents
14 Brokers Agency, Inc, is a consortium or
15 group of four different insurance
16 enterprises in Gary, Indiana.

17 That the two principals are cousins,
18 and the other two, Roosevelt Heywood and
19 son, or his father and he ,are the other
20 two principals. I also learned Roosevelt
21 Heywood, III is involved in litigation with
22 the remaining principals of BABA.
23 Uniformly, the two, Roosevelt Heywood, III,
24 and the other three principals have had a
25 parting of the ways. and the circumstances,

1 it is apparent the father is suing the son.

2 what I learned is they came together
3 with their four respective insurance
4 agencies in an effort to be bigger as a
5 unit than any one individual. They felt if
6 they came together and formed BABA, they
7 would have a better opportunity to begin to
8 do the more sophisticated type of insurance
9 to really move beyond what they were as
10 individuals. In their attempt to do that,
11 they approached the Gary city schools.
12 They approached other entities in an effort
13 to try to do a larger project.

14 Individually they sold to small, little
15 insurance policies to local folks in Gary.

16 When the casinos came around,
17 Roosevelt Heywood, III, saw opportunities
18 there and introduced BABA to Near North.
19 And he did that primarily with the Managing
20 Director there, a fellow by the name of
21 Dana Berry, who is no longer with Near
22 North, but he was the Managing Director.

23 Dana Berry and Roosevelt Heywood,
24 III, developed a relationship to attempt to
25 service the casinos' insurance needs. They

1 came to the conclusion that Near North
2 would be in a better position to sell its
3 product if it had somebody locally on site
4 who had some experience in the insurance
5 business and who was a minority, that that
6 would be a marketing advantage to Near
7 North.

8 Roosevelt Heywood understood his
9 agency couldn't sell the kinds of
10 sophisticated insurance the boats needed,
11 because he didn't have any experience, he
12 didn't have contracts with large companies
13 like Zurich, Lloyds of London, what have
14 you. So they developed a co-brokerage
15 arrangement, and approached the casinos to
16 sell their -- to sell them the insurance

17 Roosevelt Heywood was not going to be
18 involved -- Roosevelt Heywood, III, when I
19 say Roosevelt Heywood, primarily I'm
20 talking Roosevelt Heywood, III. Roosevelt
21 Heywood, III, was not going to be involved
22 in that aspect of the insurance business,
23 where he would actually transmit
24 information to the insurance companies,
25 that was going to be left for Near North

1 and Dana Berry's subordinates. Dana Berry
2 did not do that either, he's Managing
3 Director of his subordinates. Eric Nelson
4 had little contact with Roosevelt Heywood.
5 But Dana Berry had regular contact with
6 Roosevelt Heywood.

7 Roosevelt Heywood's assignment was to
8 go to the casinos on a regular basis. To
9 maintain contact with them, to make sure
10 that they were happy with their insurance.
11 To make sure that Near North was serving
12 them properly, and to look for other
13 opportunities to sell them additional
14 insurance. And, in fact, Roosevelt Heywood
15 did that.

16 In my discussion with Roosevelt
17 Heywood, III, I found him to be a fairly
18 aggressive salesman. In fact, he wanted to
19 send me his brochures, and asked me to send
20 him our law firm's material. And I found
21 him to be the kind of life-long individual
22 who would be a very aggressive advocate for
23 whoever he was representing. In my
24 discussions with the folks at the casinos,
25 I found likewise, that Roosevelt Heywood

1 was at least at Majestic Star, ever
2 present. He was there for sales
3 presentations. He attended functions, and
4 he was always looking for other
5 opportunities to sell, not only Near
6 North's products, but his own products. And
7 when I say his own product, be mindful BABA
8 has no products of its own. BABA is a
9 consortium for other insurance companies.
10 So he was looking to sell Heywood Fleming
11 products, which were other insurance
12 products.

13 The fact of the matter is he was
14 successful in doing that. He sold to
15 Trump. He sold Heywood and Fleming a
16 policy with respect to the hotel, and I
17 believe he still does. He has sold to
18 Majestic Star and to Trump the prepaid
19 legal services policy for their employees,
20 actually sold them the policies. But his
21 ability to sell those individual policies
22 was less sophistries than the actual boat
23 policies. In a large degree, based upon
24 his introduction, were the result of his
25 teaming effort in a co-brokering

1 arrangement with Near North.

2 When I read the news accounts and
3 talked to Mr. Grimes about his contention
4 that BABA had no substantive role in this
5 matter, I understood how he came to that
6 conclusion. He doesn't represent Roosevelt
7 Heywood, III, he represents the other three
8 principals. My interviews with the folks
9 at the casinos, I learned that none of them
10 had ever seen the other three principals.
11 Roosevelt Heywood, III, this is all part of
12 what the lawsuit would contend, that he was
13 the he was the primary individual doing all
14 the work, to use his words, and hence the
15 lawsuit. and he left them to take the
16 business.

17 So with respect to Mr. Grime's claim
18 that they were doing nothing, I understand
19 as it relates to those three. But he does
20 not represent Roosevelt Heywood, III, who
21 contends he was inimically involved as to
22 Dana Berry. As to the people at the
23 casinos, we're dealing with them on a daily
24 basis.

25 With respect to payment methodology

1 and how that developed and the purpose of
2 that payment methodology. It was developed
3 by Dana Berry at Near North. It was Dana's
4 intention that we need -- he needed to
5 document if they were going to sell the
6 insurance and market Roosevelt Heywood's
7 co-brokerage arrangement. Then he needed
8 to document the fact that they were
9 involved. Otherwise, there would be no
10 paper trail, the fact that BABA was in fact
11 involved, and he believed that he needed to
12 do that.

13 So he instructed the casinos to make
14 a check payable to Black Agents and
15 Brokers, after they received a Black Agents
16 and Brokers invoice for the insurance that
17 was being co-brokered by Black Agents
18 Brokers, Inc., and Near North, that they
19 would cut a check to them. And then Black
20 Agents Brokers Inc., would transmit it to
21 it Near North. But Mr. Roosevelt Heywood,
22 III, did not want to transmit the funds.
23 His contention was he had a small agency,
24 small little BABA bank account, with four
25 partners who sometimes saw things

1 differently and who had check-writing
2 authority. And if those funds, those
3 insurance proceeds were actually deposited
4 into BABA's account and transmitted to do
5 Near North, in fact, there may well be a
6 delay in that transmittal, and the funds
7 would be offset with other business debts
8 and there could be a lapse of insurance
9 coverage, which would destroy their
10 relationship with the casino.

11 So the payment methodology was
12 developed initially by Dana Berry. It was
13 modified later on by Roosevelt Heywood,
14 III, who said, I'll come by the casino, I
15 will endorse the check payable based upon
16 the invoice I deliver, and the casino just
17 deliver that directly to Near North.

18 Ultimately, the casinos did as they
19 were instructed by Near North and BABA, the
20 casinos did not develop that payment
21 methodology. They did not suggest that
22 payment methodology. And they did not
23 initiate -- as best as I can determine--
24 did not initiate the relationship between
25 BABA and Near North. I believe that was

1 initiated -- I talked to Dana Berry, he
2 said it was initiated by Roosevelt Heywood,
3 III. When I talked to Roosevelt Heywood,
4 III, he said it was initiated by Berry.
5 Years have gone by, and there may have been
6 communications, they were back and forth
7 over a period of time. I am not sure
8 exactly the relationship.

9 MS. BOCHNOWSKI: Can I interrupt for
10 a second? I just want to clarify something
11 before I go onto something else and I
12 forget this. So, this check, if I'm
13 getting this right, this check was going,
14 was being endorsed and turned over to Near
15 North. so then how is BABA receiving its
16 commission or whatever?

17 MR. FARLOW: Near North -- the
18 casinos didn't know what BABA's commission
19 was, they didn't know the amount of it or
20 method of payment. The fact of the matter
21 is, as I understand it, Trump and Majestic
22 Star actually paid Near North's commission
23 in a different methodology. One is a flat
24 fee, as I understand, and then a
25 percentage. I am not sure about that.

1 MS. BOCHNOWSKI: So there may have
2 been several checks then --

3 MR. FOWLAR: No, what happened -- I'm
4 sorry.

5 MS. BOCHNOWSKI: Go ahead.

6 MR. FOWLAR: What happened is Near
7 North didn't pay BABA based upon the
8 arrangement, the two of those had paid them
9 on a monthly basis. And I think the
10 lawsuit was filed in the northern district
11 of Indiana by BABA, which is the remaining
12 three principals. It is not Roosevelt
13 Heywood, III, who filed the lawsuit, it is
14 the remaining three principals of BABA.
15 That lawsuit was filed against Near North
16 contending, as best as I can read the
17 complaint, contends Near North breached the
18 agreement to make a payment.

19 What happened is when BABA -- when
20 Roosevelt Heywood left BABA and they had
21 their dispute, each of them, Roosevelt
22 Heywood individually and BABA individually
23 said, I'm the person to deal with now. The
24 casino said, wait a minute, we will put the
25 thing on hold until we figure this out.

1 And then BABA sued Near North, I believe
2 BABA sued Roosevelt Heywood, III, as well.

3 MS. BOCHNOWSKI: Okay.

4 MR. FARLOW: The third part of my
5 investigation was as to the reporting of
6 the insurance payments on the MBE reports.
7 What I learned is that in the law, I
8 practice law, and I have an advantage of
9 dealing with history precedent, and a lot
10 of decisions in cases. Whenever you enter
11 a new area as MBE laws are, it is all brand
12 new. Today you're making that law. You're
13 making that precedent, and you have been
14 over the last two years.

15 But as new rules are instituted and
16 law comes about, there is confusion about
17 the implantation, interpretation of those
18 rules. There is confusion about what may
19 be permitted and what is not permitted.
20 The fact of the matter is, each of the
21 casinos in Buffington Harbor believe that
22 BABA's involvement in this fairly
23 sophisticated piece of business, permitted
24 them to tally their entire insurance
25 payment on their MBE reports, and they did

1 so.

2 Anybody who might look at the MBE
3 reports and see nothing was hidden very
4 conspicuously, BABA is tallied there along
5 with the total insurance premium payment.
6 So there is nothing that, if there was a
7 mistake, it was genuine and good faith
8 mistake and belief that by virtue of BABA's
9 involvement with -- Roosevelt Heywood,
10 III's involvement, that this number
11 reflected the level of sophistication
12 business he was involved in.

13 So that amount, or the total
14 insurance premium payment, was tallied in
15 the total MBE reports for both Trump and
16 Majestic Star. Buffington Harbor don't
17 make its own reports, it reports
18 respectfully to its own casinos, but listed
19 each of them in good faith, they were
20 permitted to do so. The fact of the matter
21 is, with respect to Trump, if you back out
22 the number, the BABA payment, they still
23 meet statutory requirements, I believe. I
24 did not tally it, I don't know, other
25 people told me that's a fact. They met

1 those numbers.

2 With respect to Majestic Star, they
3 may not have -- if you back that number
4 out, they may not have met their goals.
5 But they're in a position to more than meet
6 those goals, make that up in this year, and
7 maybe the next coming years, and rectify
8 that very briefly.

9 So ultimately, the conclusion I came
10 to, having talked to all these folks and
11 having looked at the documents, is that the
12 written instructions for the BABA payment
13 were developed by Dana Berry, and in
14 conjunction with Roosevelt Heywood, a good
15 faith belief they needed to provide a paper
16 trail for the benefit of the casinos to
17 show minority involvement. And that
18 insurance premium payment listed the entire
19 insurance premium, because there was a good
20 faith belief that that was appropriate and
21 that's the way it should be done.

22 And that with respect to Mr. Grimes'
23 contention that BABA had no involvement,
24 there was nothing but a shell, with respect
25 to his three clients who had no

1 involvement. I understand how he came to
2 that conclusion, but I respectfully
3 disagree with them.

4 MS. BOCHNOWSKI: So they have, both
5 casinos, have backed that out now, correct?

6 MR. FARLOW: Yes.

7 CHAIRMAN VOWELS: And who -- now that
8 BABA is like in this big fight, who are
9 they dealing with now, or do they just go
10 somewhere else?

11 MR. FARLOW: With respect to
12 insurance, I believe they are continuing to
13 go by the sophisticated insurance from Near
14 North, and they are still dealing with
15 Roosevelt Heywood, each of the casinos
16 still has a relationship with Roosevelt
17 Heywood who is ever present trying to sell
18 -- I'm sorry -- really Parker Grimes right
19 now, he's vigorously trying to get that
20 insurance. When I talked to him, he tried
21 to have me try to convince my clients to
22 buy additional insurance from him.

23 MS. BOCHNOWSKI: This is a
24 sophisticated policy that Near North
25 actually had to buy. Are you dealing

1 directly with Near North now?

2 MS. SHERMAN: Yes.

3 MS. BOCHNOWSKI: So that kind of
4 indicates to me that maybe BABA -- I mean
5 this Heywood, Roosevelt Heywood, was doing
6 the selling at that point. He was
7 basically just a selling person, and then
8 turning it over --

9 MR. FARLOW: He was selling,
10 monitoring client's needs, communicating on
11 behalf of Dana Berry. Dana Berry will tell
12 you, because I had Roosevelt Heywood I
13 didn't have to go there. I'm in Chicago,
14 I'm speak from Dana Berry's point of you
15 view. I'm in Chicago. I have my man on
16 the scene taking care of logistics.

17 MS. BOCHNOWSKI: Now he does have to
18 go there?

19 MR. FARLOW: In fact, Dana Berry is
20 no longer with, he left Near North in June,
21 and I am not sure who the managing director
22 is. My investigation didn't go that far.

23 MS. BOCHNOWSKI: Okay. Just curious.

24 MR. ROSS: Dana Berry is the manager
25 of Near North, or was?

1 MR. FARLOW: Dana Berry was the
2 Managing Director at Near North. As I
3 understand Near North's arrangements, you
4 have Managing Director who is in charge of
5 the sales and main product. He then has an
6 Account Director and account something else
7 below him. And the two account people will
8 do the day-to-day communications on claims.
9 Dana Berry is the sales person and he is
10 the responsible person for that account.

11 MR. ROSS: I guess my question is for
12 Mr. Thar. If all four of the, these
13 insurance brokerages are in the business of
14 brokering insurance and they are all
15 minorities. It seems to me that almost all
16 insurance, the further you go up the line,
17 you always get somebody to help you do
18 that. So why would you say that these
19 brokers are not minority businessmen?

20 MR. THAR: We're not. What they are
21 saying is that if insurance cost a million
22 dollars and the broker who sold it is
23 entitled to 10 percent of the premium, that
24 for minority business purposes, you can
25 only write off \$100,000. that goes to the

1 minority broker as opposed to the full
2 million. \$900,000 is going to the
3 insurance company.

4 If I might, as I understand Mr.
5 Farlow's report, it kind of establishes a
6 couple things. One, the actions of
7 Mr. Heywood as well as BABA were that of
8 brokers.

9 MR. FARLOW: I'm sorry.

10 MR. THAR: The actions of Mr. Heywood
11 as well as BABA as a group were of brokers,
12 they were never an insurance company?

13 MR. FARLOW: No.

14 MR. THAR: Secondly, the brokerage
15 fee that they would have been entitled to
16 see was in fact earned?

17 MR. FARLOW: Yes, sir.

18 MR. THAR: Based upon the actions of
19 Mr. Heywood?

20 MR. FARLOW: Yes.

21 MR. THAR: Now if there is a fight
22 between Mr. Heywood and his other -- the
23 other three companies that were apart of
24 this brokerage, who should get what from
25 those brokerage fees, that's to them. But

1 it is a fact that they are a minority
2 business as brokerage fees were, are
3 allowed to be taken off as legitimate MBE
4 expenditures, but not the full amount.

5 you're investigation also indicates
6 that the full amount was taken off?

7 MR. FARLOW: Yes.

8 MR. THAR: And part of the
9 explanation for the full amount being taken
10 off as contained in the report is what is
11 believed to be inaccurate understandings of
12 explanations given to personnel at Trump,
13 Buffington Harbor and Majestic Star over
14 how these fees should be treated. And that
15 as a result, they reported the full amount
16 when they should have only reported the
17 brokerage fee?

18 MR. FARLOW: Yes.

19 MS. BOCHNOWSKI: And now they don't
20 know, from what you said, if I recall
21 correctly, Trump and Majestic really don't
22 know what the brokerage fee is?

23 MR. FARLOW: They did not know.

24 MS. BOCHNOWSKI: So they really can't
25 write any of it off, and they are not

1 writing anything --

2 MR. FARLOW: They are currently not
3 doing that.

4 MS. WALKER: Can I correct that? We
5 did subsequently find out what the fee was
6 by getting information from what Near North
7 and Trump has put that together.

8 MR. THAR: What has since happened is
9 that the erroneous amount deducted has been
10 removed from the reported amounts paid by
11 Trump and Majestic Star. We have confirmed
12 that through Ms. Brodnan, and it shows that
13 backing out if proper BABA payments, Trump
14 still met the 10 percent/5 percent goals.
15 Majestic Star fell approximately 600,000
16 short of minority business enterprise
17 goals.

18 Both Trump and Majestic Star have
19 submitted plans to us that are before you,
20 as to how they are going to insure that
21 this does not happen again. How they are
22 going to insure that they will progress
23 forward from this point, we have no reason
24 to question. All the information we have
25 would confirm what Mr. Farlow's report

1 shows that there was money improperly taken
2 off. But there was legitimate MBE groups,
3 they were brokers, and they did in fact
4 earn the premium. So that is, at least
5 are, Mr. Heywood's point of view, a
6 legitimate expenditure. How much should be
7 divided among the other partners, I believe
8 is in court; is that right?

9 MR. FARLOW: Yes.

10 MR. THAR: So I think that where
11 we're at right now, except to the extent
12 that there may still be questions remaining
13 in regard to Mr. Farlow's investigation and
14 his report to us, is what is it that Trump
15 at Buffington Harbor and Majestic Star
16 propose to do from this day forward with
17 regard to MBE/WBE issues?

18 MS. BOCHNOWSKI: Right. And since
19 you are still purchasing some insurance
20 through this one broker, then you would
21 just write off his commission at this
22 point, right? Because he would obviously,
23 he's just a broker not an insurance
24 company?

25 MS. WALKER: Yes.

1 MR. GETTELFINGER: Mr. Thar, before
2 we leave this issue, in what way are, is
3 the appropriateness of the allocation
4 between the pure cost of insurance and the
5 pure cost of the sales activity being
6 determined? How can we determine that the
7 amount allocated to the brokerage activity
8 is a market place allocation and is truly
9 fairly representative of the sales services
10 rendered?

11 MR. THAR: We have not done a check
12 in that regard in this area. But I think a
13 way to do it is to simply go to the
14 insurance company whose insurance is being
15 sold by the brokerage firm, get from that
16 company what is the premium or the
17 Commission with regard to this particular
18 sale, and is that commission different from
19 the normal course of doing business with
20 anyone else.

21 We have not done that in this
22 particular case. As we had, to my
23 knowledge, no issue as to whether or not
24 the amount of brokerage fee paid was
25 anything other than what the market could

1 bear at that time. It is my understanding
2 the brokerage fee wasn't established based
3 upon amounts, it is a flat fee?

4 MS. WALKER: Yes.

5 MR. THAR: Flat fee negotiated at
6 Near North, transaction between the
7 riverboat on one hand and insurance company
8 through its broker on the other hand.

9 MR. FARLOW: If I might add, part of
10 the additional task that Trump has asked us
11 to undertake is to develop questionnaires
12 and a due diligence plan, which we're doing
13 right now. I'm mostly communicating
14 through Majestic Star's staff's General
15 Counsel or their lawyers, and we're sharing
16 information about a questionnaire that we
17 might submit to our vendors that might get
18 at that kind of information.

19 CHAIRMAN VOWELS: Any other questions
20 for Mr. Farlow?

21 Thank you, sir.

22 Is there any action to do in regards
23 to this, Mr. Thar?

24 MR. THAR: Trump and Majestic star
25 have submitted plans. Miss Walker, would

1 you like to present Trump's?

2 MS. WALKER: Yes, thank you.

3 Commissioners, as you previously heard when
4 this issue was brought to Trump's
5 attention, we hired Mr. Farlow to do an
6 independent investigation. and we also
7 collected the reports that had been
8 previously filed for 2000, which continue
9 to show that Trump exceeded the ten percent
10 and five percent minority and female
11 purchasing requirements.

12 We decided at that time, however,
13 that that simply, though, was not enough.
14 And since then you have in a package before
15 you a plan that we have developed. And I
16 have to give thanks to my good friend from
17 Caesars, Mr. Barry Morris, and also
18 Mr. Bill Joyce, in helping in the
19 development of that plan.

20 Additionally, we also have hired
21 recently, I'll ask them if they could
22 stand, Mr. Keith Rogers, who is the
23 Business Development Manager. Keith
24 started with us about a month ago. His
25 responsibility will be to make sure that

1 that plan is implemented, and to help us
2 improve our minority and female purchasing,
3 with specific emphasis on businesses that
4 are located in the City of Gary and Lake
5 County.

6 Additionally, two weeks ago,
7 Mr. Patrick Fox, our Director of Financial
8 Accounting. He started with us, I believe
9 the two of these individuals who have a
10 great amount of experience in different
11 areas, will make a good team to help us
12 further improve our goals.

13 For the first three quarters of this
14 year we have filed -- and although they're
15 are not yet audited -- our reports. And
16 you will see at this point our purchases
17 from minority purchases is at 12-and-a-half
18 percent, and our female purchases are at 9.
19 So we continue to improve day by day.

20 In anticipation of a question I'm
21 sure Executive Director Thar is going to
22 ask me, I would like to ask you that when
23 we file our next quarterly report, that Mr.
24 Rogers set forth what our goal will be for
25 2000. I can commit to you that that number

1 will be more than whatever it is that we
2 achieve when we close 2001.

3 Finally, as Mr. Farlow mentioned, we
4 have asked him to help us develop due
5 diligence procedures, and also some forms
6 that we will use with our minority
7 businesses and female businesses, so we can
8 get a better idea of exactly what services
9 are being provided. And so that we'll have
10 additional way to classify whether we have
11 brokers, distributors, or any other types
12 of businesses that we're dealing with.

13 We hope that you will accept this
14 program from Trump, and join us in trying
15 to improve our minority and female
16 representation in our business efforts.
17 Thank you.

18 CHAIRMAN VOWELS: Miss Sherman, from
19 Majestic Star.

20 MS. SHERMAN: On behalf of Majestic
21 Star Barden Development, and Don Barden, I
22 would like to address the Commission to
23 express our overall concern about the MBE
24 and WBE issues. It has always been our
25 objective to not only meet, but to exceed

1 the current IGC requirements for MBE and
2 WBE purchases. We concur with the facts,
3 as previously stated by Mr. Farlow, and as
4 a result of such facts, we unfortunately do
5 not meet our MBE goal in 2000. I cannot
6 emphasize enough how significant this issue
7 is to Mr. Barden and Majestic Star.

8 Mr. Barden, as many of you may know,
9 has very humble beginnings as an
10 African-American entrepreneur and
11 businessman. He probably, more than anyone
12 here today, understands what it is like to
13 be a minority business and how important it
14 is to be given an opportunity.

15 without an opportunity it is
16 difficult to say at the very least -- I'm
17 sorry. It is difficult at the very least
18 to be successful. Clearly, if businesses
19 have not been afforded -- had not been
20 afforded an opportunity for Mr. Barden to
21 bid on and provide services, he would not
22 be where he is today and there may not be a
23 Majestic Star. Mr. Barden is committed to
24 insuring that we not only meet, but in all
25 cases exceed our MBE and WBE goals year

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1 over year. Similar to Trump, we expect to
2 calculate our numbers at the end of the
3 year, and set our 2002 goals to be even
4 greater than this year. Mr. Barden would
5 like to see minority and women businesses
6 succeed in the Gary community, and he wants
7 Majestic Star to be a contributing factor.

8 When we calculate our 2000 MBE
9 purchases, we noted we did fall below the
10 10 percent mark, and in dollars it equals
11 approximately \$644,000. The good news is
12 as of the 11 months ended November 30,
13 2001, we are pleased to report that we have
14 exceeded our MBE and WBE objectives. In
15 addition, our purchases through 11/30,
16 represent approximately a 38 percent
17 increase over our purchases for the
18 previous 12 months ending December 2000.
19 As a result, we're confident that we're
20 going to exceed our goals for calendar year
21 2001.

22 For 2002, again, we propose to exceed
23 our goal, as well as we would like to spend
24 the \$644,000 that we fell short in 2000 and
25 2002. And that is outlined in the

1 compliance program that Dale Wolf provided
2 you with.

3 In other efforts to insure Majestic
4 Star remains in compliance of IGC
5 regulations and exceeds WBE and MBE goals
6 of 2002 and future years, Majestic will be
7 a more pro-active participant by
8 establishing certain policies and
9 procedures and guidelines. Accordingly,
10 effective October 2001, we have established
11 a full-time position. I believe the title
12 of the person is MBE/WBE Procurement
13 Specialist. And this person is dedicated
14 to monitoring our MBE and WBE purchasing
15 going forward. The Specialist will, among
16 other things, meet with and update the
17 General Manager weekly on the status of and
18 related issues pertaining to MBE and WBE
19 compliance. This person will communicate
20 regularly with IGC and Indiana Department
21 of Administration, to insure compliance
22 with regulations regarding any issues with
23 vendors.

24 This person will perform additional
25 due diligence on vendors to insure that

1 they are qualified vendors. This person
2 will work closely with all debarment
3 managers at Majestic Star, to fully
4 understand their requirements for goods and
5 services, and help identify MBE and WBE
6 suppliers that best fits the needs of their
7 respective departments. This person will
8 also identify minority-owned businesses
9 that are presently not certified, and guide
10 them through this certification process as
11 applicable.

12 In conclusion, we're confident our
13 plan will insure Majestic Star exceeds its
14 MBE and WBE objectives. Mr. Barden sends
15 his regrets for not being here today to
16 appear before you, but he will make himself
17 available, if you desire to approach him
18 personally.

19 It is also his hope with the closing
20 of the Fitzgeralds transaction, that it
21 will create additional opportunities for
22 women and minority vendors to possibly
23 expand their businesses and other
24 jurisdictions where we will do business in
25 the future. Thank you.

1 CHAIRMAN VOWELS: Miss Sherman, it
2 appears what has happened when the BABA
3 matters were excluded, that that dropped
4 down below the 10 percent to 6.7 percent in
5 year-to-date, December 2000, is that where
6 that was?

7 MS. SHERMAN: Yes, \$644,000.

8 CHAIRMAN VOWELS: Year-to-date,
9 November 20001, MBE was up to 11-and-a-half
10 percent?

11 MS. SHERMAN: Right.

12 CHAIRMAN VOWELS: So you're back on
13 target now?

14 MS. SHERMAN: Yes.

15 CHAIRMAN VOWELS: And WBE at 9.7
16 percent, which far exceeds the five percent
17 requirement. So it appears you have gotten
18 things in order, is that fair to say?

19 MS. SHERMAN: Yes.

20 CHAIRMAN VOWELS: Okay. Any
21 questions from Miss Sherman?

22 MS. BOCHNOWSKI: When do we receive
23 next quarterly report?

24 MR. THAR: Well, we go on calendar
25 year. So the third quarter report would be

1 in January; first quarter 2001 will be in
2 April.

3 MS. BOCHNOWSKI: So you're saying the
4 next quarterly report that we see will
5 reflect those positive numbers then?

6 MS. SHERMAN: Correct. And what
7 we're also proposing is that in 2002, we
8 would like not only to exceed our numbers
9 that we end up with at the end of 2001, but
10 want to make up the amount that we were
11 short in 2000.

12 MS. BOCHNOWSKI: So the shortfall
13 that you incurred in 2000, you're making up
14 for?

15 MS. SHERMAN: We want to make up for
16 that in 2002 by spending those additional
17 dollars.

18 MS. BOCHNOWSKI: Okay.

19 MR. ROSS: Is the total dollars going
20 to be \$600,000?

21 MS. SHERMAN: \$644,000, that we fell
22 short in 2000.

23 CHAIRMAN VOWELS: So, your intention
24 is to at least hit the 10 percent goal,
25 plus the \$644,000; is that right?

1 MISS SHERMAN: Yes.

2 MR. ROSS: Well, since you exceeded
3 your goal in 2001, you're not including
4 that --

5 MISS SHERMAN: That's a good
6 question.

7 MR. ROSS: -- in the \$644,000?

8 MISS SHERMAN: That's a good
9 question. Mr. Barden would like to -- he
10 still would like to do the additional in
11 2002. He's committed to spending the
12 additional money with minority businesses.

13 MR. ROSS: That's honorable.

14 CHAIRMAN VOWELS: Anything further
15 for Miss Sherman?

16 Thank you.

17 Anything further on this issue?

18 Mr. Wolf, do you have anything to
19 add?

20 MR. WOLF: No. Just everything
21 Michelle said, and we're committed to this
22 to exceed our goals.

23 CHAIRMAN VOWELS: All right. Okay.

24 Thank you for the forthrightness here.

25 That certainly clears up what was going on

1 in that situation. Obviously, it concerned
2 us, and hopefully we won't see this sort of
3 thing pop up again. Anything is possible,
4 but --

5 All right. Thank you.

6 MR. THAR: Before -- you can have a
7 seat. From a staff point of view, the
8 reports that have come forward I think show
9 that maybe the Commission may want to take
10 some action. The reports show that there
11 was some misunderstanding among casino
12 personnel as to whether or not the complete
13 insurance premium or brokerage fee should
14 be written off.

15 There is no question in the early
16 days of riverboat gambling when Trump and
17 Majestic Star were first open, there may
18 have been some information that would have
19 been considered confusing or
20 misunderstanding. However, there was also
21 a rule on the books that indicated if
22 somebody is a broker, only the brokerage
23 fee can be written off.

24 Mr. Farlow's report does not show
25 that there was any intentional attempt by

1 either Majestic Star, Trump or Buffington
2 Harbor, to try to pump up WBE or MBE
3 numbers officially, but rather, there was a
4 misunderstanding. These people were not
5 attorneys, and they did not look in the
6 books to find the rules. And once they had
7 been confronted by the Commission, they
8 have been very straightforward and honest
9 and corrected the situation.

10 What the staff would recommend happen
11 from here is as follows: They have each
12 made representations with regard to an
13 action plan that they intend to carry out.
14 And I would recommend the Commission
15 require them each attend live meetings from
16 now until January 2003. At a minimum that
17 they have somebody present to report live
18 to the Commission on where they are with
19 their directives ten days before any
20 scheduled meeting. They submit to us in
21 writing what they believe that report could
22 be. So the Commission will be able to take
23 a look at it and ask intelligent questions
24 during the report.

25 I don't believe at this point in time



1 any type of fine, escrow account or
2 anything else would be warranted, other
3 than they have made these commitments under
4 these plans. And we ask them to report to
5 us in a fashion where we can see that they
6 are following through. That would be
7 staff's recommendation with regard to both
8 Trump and Majestic Star on this particular
9 issue.

10 MS. BOCHNOWSKI: I think that's a
11 great foundation. Anything on paper is
12 only as good as what action actually
13 happens, that's the only way we can make
14 sure. Is that fine with Trump?

15 (Everybody said yes.)

16 CHAIRMAN VOWELS: Any Commissioners
17 have any questions with regard to that?

18 MS. BOCHNOWSKI: Also, you know, this
19 whole thing with BABA, it still troubles me
20 a little bit. I realize this guy really
21 did work, I accept that, but it has the
22 appearance that it could have been, since
23 you have a company that could have actually
24 done this without BABA, done this insuring,
25 we have to be really careful about whether

1 -- it just brings this up that we're not
2 dealing with several corporations or people
3 brought in for convenience, just because
4 they are minorities.

5 It would really -- I am not
6 questioning this, I am not questioning the
7 report or the findings. I accept that this
8 is legitimate. That these are legitimate
9 business people who provided a service. I
10 think we really have to be careful because
11 this could happen.

12 MS. WALKER: That's part of the due
13 diligence program, and also the
14 questionnaires Mr. Farlow and Majestic
15 counsel is working on.

16 CHAIRMAN VOWELS: All right. I take
17 it from that, our position is to support
18 what Mr. Thar has put forth as far as
19 reporting requirements, et cetera. Is
20 there any further discussion on that?

21 All right. Then Mr. Farlow, go ahead
22 in that regard.

23 MR. THAR: We will prepare an order
24 for your signature that reflects each
25 company to report live to each of our live

1 meetings in the year 2001. And they should
2 submit a written report prior to that
3 meeting which will reflect something -- you
4 will have in advance with all reports to
5 take a look at. We will try to put that
6 into a form that's useable.

7 CHAIRMAN VOWELS: All right. Thank
8 you. Before we get to the next matter on
9 the agenda, let's take a 10-minute break.
10 We will start up at 20 until the hour.
11 Thank you.

12 (Short break taken.)

13 CHAIRMAN VOWELS: It appears all the
14 Commissioners are seated, and we will go
15 ahead and get started again.

16 The next matter on the agenda, we're
17 still with the MBE/WBE planning
18 presentation with Belterra. Let's see, we
19 have seated at the table a group of
20 individuals, Mr. Thar, who do we have here?

21 MR. THAR: The Commission staff has
22 been asking questions about Belterra's
23 minority/women-business owned numbers and
24 expenditures since 2000, when we started to
25 see that their numbers were extremely low

1 for the development period of their
2 project.

3 During the course of the development
4 period of their project, we received
5 reassurance from Mr. Winton that we would
6 be quite proud of their numbers, that they
7 were going to make their numbers. Ms.
8 Dean, do you have that one letter
9 available? A letter to Indiana Gaming
10 Commissioner, January 25, 2000, was
11 represented by an attorney then
12 representing Belterra as follows:
13 Hollywood Park and Belterra have developed
14 extensive plans to meet MBE/WBE
15 participation attainment goals.

16 Thus far, in the construction
17 process, Hollywood Park has more than
18 satisfied its attainment goals. Further
19 efforts are ongoing to insure that all
20 statutory requirements are fully satisfied
21 after development is complete.

22 This letter is to us, as part of
23 their request to have the renewal
24 certification of suitability. It is in
25 January of 2000, and would be

1 representative of the year 1999, which the
2 latest report shows no confirming figures
3 for which they can show MBE or WBE
4 expenditures.

5 We have been particularly aggressive
6 in asking for them to produce numbers for
7 us in the year 2000. In the year 2001 for
8 the year 2000, part of the problem being
9 inability of the company to get numbers to
10 us. We're not even talking about auditing
11 numbers, we're talking about numbers which
12 they could produce.

13 What we have found as a staff is that
14 for 1999 and 2000, their activities as a
15 business, doing business in the State of
16 Indiana under MBE/WBE goals set forth in
17 our statute, for which they represented
18 they knew and which they represented in
19 2000 they were complying with in writing
20 not withstanding oral presentations, is
21 that they haven't.

22 Our figures would indicate that as of
23 today, they're approximately 18 million
24 dollars behind where they should have been
25 or would they have been had they followed

1 and adhered to the MBE/WBE goals as set
2 forth in our statute.

3 This, of course, has been brought to
4 the attention of Belterra. And we have met
5 with them on several occasions as a staff
6 to discuss with them minority,
7 women-business development, our action plan
8 and what it is they intend to do about this
9 activity. This was originally to have been
10 on the agenda for our meeting in Gary.
11 Mr. Rob Mean had a personal issue, which
12 took him out of the country. We agreed to
13 establish a different date and have it at
14 the next live meeting.

15 Presently, Belterra is represented by
16 the firm Ice Miller. Ms. Fleming and
17 Mr. Johnson are here on their behalf. They
18 are not the firm that represented Belterra
19 at the time the representations were made
20 in writing and orally, as to the great
21 success they were experiencing with regard
22 to their MBE and WBE plans.

23 They have been brought in Belterra,
24 after the problem has blossomed, in an
25 attempt to try to put together a plan that

1 they satisfied the Commission with regard
2 to this firm's particular dealings with
3 minority, women-owned business enterprises.
4 It is my understanding, Mr. Alanais is here
5 and it is my understanding you have some
6 remarks you would like to make as an
7 opening.

8 MR. ALANAIS: Mr. Chairman, members
9 of the Commission, Mr. Thar and staff. I'm
10 Paul Alanais, I'm the Chief Executive of
11 Pinnacle Entertainment, which is the parent
12 company of Belterra Casino Resort. I have
13 a number of our other executives with me
14 this morning. Mr. Wade Hunley, who is our
15 Chief Operating Officer. Mr. Loren Ostrow,
16 who is our General Counsel, Mr. Alanais
17 Uboldi, who is our newly appointed General
18 Manager of Belterra. And, of course,
19 Mr. Johnson and Ms. Fleming from Ice
20 Miller.

21 Let me start out by saying that we
22 at Belterra accept and take full
23 responsibility for the shortcomings that
24 have occurred in terms of meeting our
25 MBE/WBE goals that are imposed upon all

1 licensees in this State. We take these
2 requirements, these goals, seriously. I
3 would like to first certainly clarify that
4 there was never any intention whatsoever to
5 mislead the staff or this Commission with
6 regard to our success or failure in terms
7 of meeting these goals. We apologize, we
8 have apologized to Mr. Thar and his staff
9 for that letter which was sent to them,
10 which clearly did indicate that we were
11 doing much better than we in fact have
12 done.

13 We have taken great care and
14 significant thought in preparing this
15 action plan that is before you today. With
16 the belief that we can, in fact, remedy,
17 redress the issues that have existed in the
18 past in terms of our shortcomings.
19 Commissions.

20 We believe implementation of this
21 plan can, in fact, enable us to exceed on
22 an ongoing, continuous basis the statutory
23 goals that are imposed upon us and all
24 licensees in this State as it relates to
25 MBE/WBE procurement.

1 Our situation is a bit different as
2 it relates to this plan than Caesars in
3 that Caesars had significant construction
4 that was continuing at their property,
5 Giving them obviously the ability to obtain
6 minority contractors who could in one-felt
7 swoop, if you will, address the
8 deficiencies and shortcomings in terms of
9 meeting the minority goals. We are
10 essentially complete in our construction
11 and, therefore, our plan must really focus
12 on ongoing purchases and procurement as a
13 means of remedying and redressing our
14 shortcomings in the past. We believe this
15 plan, the implementation of this plan, can
16 in fact do that and will do that.

17 I believe you have been given some
18 graphs which will show that we have, even
19 before the implementation of this plan,
20 made significant efforts in taking great
21 strides towards achieving or exceeding our
22 MBE/WBE goals. We are, for the third
23 quarter of this year, above 14 percent in
24 terms of women business enterprises
25 procurement, which is almost three times

1 the statutory goal. We are at about 8.2
2 percent in terms of minority, which is
3 still short of the 10 percent, but a
4 significant improvement from what it has
5 been in the past.

6 We are, if this plan were approved
7 by this Commission, prepared. We are
8 prepared to implement and have agreed in
9 principle with HMR, a minority-owned food
10 purveyor I think this Board as this
11 Commission is familiar with. We are
12 prepared to enter into an agreement with
13 that firm to provide the majority of our
14 food purchases as contemplated by the
15 action plan.

16 That agreement would require that we
17 subsidize or provide equity capital for
18 additional equipment that would be
19 necessary to actually service our facility,
20 that would require an expenditure of about
21 \$125 to \$150,000 from the fund that we
22 proposed in the action plan to establish,
23 to aid and assist minority businesses, both
24 in their establishment and their expansion,
25 to help us exceed our goals on a continuous

1 basis. The implementation of that
2 agreement with HMR would allow us to
3 increase by about six percent our annual
4 purchases from minority businesses, and get
5 us well above the 10 percent that is
6 provided by statute.

7 The plan that you have before you
8 has been reviewed by our Board of
9 Directors, has been approved by it. Has
10 its complete and total commitment to its
11 implementation. It has been reviewed very
12 carefully by Mr. Evaley and his staff.
13 They will be responsible for the
14 implementation of the agreement. They are
15 committed to in fact doing that, and to
16 insuring that we can, on an ongoing basis,
17 to exceed our statutory goals, to remedy,
18 as I say, the deficiencies which we have
19 experienced in the past.

20 We're here to, of course, answer any
21 questions you may have with respect to what
22 has happened in the past, what our plans
23 are in the future and the plan itself.

24 CHAIRMAN VOWELS: Wasn't there a live
25 meeting where your attorney addressed the

1 Commission -- and maybe it was at a time
2 when the extension of certificate of
3 suitability was taking place, where there
4 were executives from your company, and he
5 told us, just as the letter to Mr. Thar,
6 Mr. Thar read, about how great you guys
7 were doing on MBE/WBE, do you recall that?

8 MR. ALANAIS: I do not believe, at
9 least I don't recall being present there,
10 may indeed been executives from our
11 company, Mr. Chairman. But I would tell
12 you that we experienced two problems, if
13 you will, during construction, and let me
14 address those. And I think that those are
15 part of the problem in terms of the issues
16 that have arisen with respect to believing
17 that maybe we were doing better than we
18 actually were.

19 Our first shortcoming was not in
20 really obtaining the necessary
21 certification in Indiana for a number of
22 the firms that we were doing business with
23 -- and in fact did do business with during
24 the construction process.

25 MR. THAR: Let me stop you right

1 there. That was a fact that was known to
2 you at the time, was it not?

3 MR. ALANAIS: Yes, sir.

4 MR. THAR: Okay. Go on.

5 MR. ALANAIS: Yes, sir. And it was a
6 failing on our part that we knew, in fact,
7 that these firms had to be certified, and
8 there was a failure in the process to get
9 them certified. And we have, as a result,
10 we have the responsibility that they don't
11 count. And we understand that and we
12 accept responsibility for that. But I
13 believe that there may have been a belief
14 on the part of some of the people who may
15 have appeared before you that, in fact,
16 that was happening or would happen, and it
17 did not happen.

18 Frankly, we set the goals for our
19 general contractor to low, because 10
20 percent and five percent won't get the job
21 done. And I think there was a failure to
22 really understanding that and appreciate
23 that during the process.

24 During construction about 70 million
25 dollars of our total expenditures related

1 to riverboat and gaming equipment and
2 related equipment that, quite honestly,
3 there aren't any minority or women-owned
4 businesses with whom one can deal in order
5 to achieve those. That's reality.

6 MR. THAR: Was that a fact that you
7 knew?

8 MR. ALANAIS: Absolutely, absolutely.

9 CHAIRMAN VOWELS: I wanted to
10 interrupt.

11 MR. THAR: And so we should have
12 reached the goal of 20 percent.

13 CHAIRMAN VOWELS: The letter that Mr.
14 Thar read from, it is dated January 25,
15 2000.

16 MR. ALANAIS: Yes.

17 CHAIRMAN VOWELS: And again it says:
18 Hollywood Park and Belterra have developed
19 extensive plans to meet MBE/WBE
20 participation in attaining goals. Thus
21 far, in the construction process, Hollywood
22 Park has more than satisfied its attainment
23 goals. Further efforts are ongoing to
24 insure that all statutory requirements are
25 satisfied after development is complete.

1 At the end of this it is signed by
2 the attorney, and it shows that it is
3 carbon copied to four people; one of those
4 people is you. And in retrospective, the
5 numbers are zero. Just to be perfectly
6 honest, we feel your credibility is an
7 issue as a company.

8 MR. ALANAIS: I understand.

9 CHAIRMAN VOWELS: That we have been
10 misled. That there has been an arrogant
11 attitude towards our staff. We are
12 somewhat heartened that Ms. Fleming and
13 Mr. Johnson are involved, particularly, Ms.
14 Fleming and her past experience with the
15 employment with the Gaming Commission. And
16 with and our staff's high level of
17 competency that Ms. Fleming will certainly
18 be able to communicate to your company,
19 and how seriously we take this.

20 We feel that we were misled. That
21 were treated like Indiana rubes. The
22 situation recently Mr. Thar had directly
23 dealing with somebody with your company who
24 lied to him repeatedly. None of this is
25 going to be tolerated. The numbers that we

1 see here in front of us, you have given
2 this graph that shows 14.24 percent in the
3 third quarter of 2001 and 8.22 percent for
4 minority-business enterprises, have these
5 been verified?

6 MR. ALANAIS: Okay.

7 MR. THAR: Those numbers that are
8 submitted that are before 2001, would not
9 be audited by either us or minority
10 business development for 2002, when the
11 added figures come in. Whether or not they
12 have been audited independently by Belterra
13 or anyone else on their behalf -- no?

14 CHAIRMAN VOWELS: Do you know if they
15 were audited?

16 MR. ALANAIS: We have gone through
17 them with great care with our counsel, with
18 our accounting department, to take out any
19 questionable items.

20 We have tried to err on the side of
21 conservatism. We understand the issue of
22 credibility. So I can simply say to you
23 that we have taken great care in preparing
24 them.

25 CHAIRMAN VOWELS: What I'd like to do

1 is if you have done internal audits on
2 those, if you will forward those to the
3 staff so they can take a look at that and
4 put on record you have committed yourself
5 to these. We're going to go on the
6 presumption that, based upon our past
7 experience with the company, that we need
8 to check into everything.

9 The fact that you're at zero percent
10 on minority-business enterprises, leads me
11 to believe initially is that -- well,
12 that's not fair to say. What I'm thinking
13 is that zero percent, a person would almost
14 have to go out of their way to avoid
15 minority-business enterprises, which has
16 implications in there. They are very
17 serious credibility issues. We're going to
18 dot every I and cross every T.

19 The staff for the Gaming Commission
20 do the majority of the work. We roll into
21 town, they send us gobbs of information
22 that we take our private time going
23 through. But they do most of the work.
24 We're a united front. If Jack Thar speaks
25 to an employee of yours and they don't want

1 to listen to them, he tells us that we will
2 deal with it accordingly.

3 what went on recently with the
4 gentleman that is at your facility was just
5 amazing. I don't know what it is like in
6 other jurisdictions, but if Ms. Fleming can
7 give you some advice in how to deal with
8 us, I would certainly, certainly listen to
9 her, because we are a united front. When
10 our staff speaks, we're not going to
11 abandon them.

12 It is -- I need verification on your
13 numbers, because I am not going on the
14 presumption that they are accurate. You
15 have not been accurate to us in the past,
16 and I have a real problem with that.

17 Mr. Thar?

18 MR. THAR: Yes. We only want the
19 verification if it is done as of last
20 night. We do not want you -- because
21 that's the representation. To the extent
22 they have been verified as of last night,
23 we want verification. We do not want you
24 to create verification starting after this
25 week. So do not create anything. Only

1 give us what you have.

2 MS. BOCHNOWSKI: I have a real
3 problem also with your indication that
4 Caesars was able to make up for this.
5 Because we -- because we saw their numbers
6 while they were still going through
7 construction, that is true. But you had to
8 be aware of this during the construction
9 phase. You knew -- this was no secret what
10 we expected. So that really isn't an
11 excuse. Now you're so far behind because
12 of not being in construction, you have a
13 real problem.

14 MR. ALANAIS: Well, I raise that only
15 to point out that through the
16 implementation of this plan we believe that
17 we will be able to make it up. But it will
18 take us somewhat longer in a sense that
19 since we do not have major items that the
20 plan itself, we believe, will give us the
21 opportunity, but it will be a somewhat
22 longer period of time. It can't be
23 overnight. That simply is what I was
24 trying to point out.

25 MR. THAR: Are you representing to us

1 that you're going to be able, through this
2 plan, to make up an 18 million shortfall,
3 plus make the numbers, the goals, in
4 addition to that?

5 MR. ALANAIS: Well, I believe, given
6 an appropriate amount of time we can -- in
7 fact, we can do that, Mr. Thar.

8 MR. THAR: Where would I find that in
9 the plan? Please defer ever to whoever you
10 want at your table.

11 MR. ALANAIS: Well, I don't believe
12 that it is in the plan itself. But it is
13 our intention through the plan to try to
14 demonstrate to this Commission that we can
15 do so.

16 MR. THAR: You propose in your plan
17 to put a set aside. And you have submitted
18 a document that indicates \$750,000 has been
19 set aside for a fund to be utilized to
20 incubate minority businesses, among other
21 things. What is the basis for that number?

22 MR. ALANAIS: I would say to you that
23 I would bring up the example, if you will,
24 of HMR, that I mentioned before in terms of
25 what we believe a subsidy will be required

1 in order to enable that company to provide
2 the majority of our food purchases which
3 would amount to about two-and-a-half
4 million dollars on an annual basis, and
5 increase our numbers by six percent.

6 That would entail an expenditure of
7 about one-sixth of the amount that we're
8 proposing put into the fund. I wouldn't
9 tell you that there is any magic number,
10 but that we believe that with the
11 utilization of this fund, given that
12 example, that we can make significant
13 strides and indeed attain numbers that will
14 remedy the situation.

15 MR. THAR: Well, if we take a look at
16 our precedent, Caesars was approximately 30
17 million behind. They set aside two million
18 dollars, which is about one-fifteenth.
19 You're offer is less than one-eighteenth,
20 as you're approximately 18 million behind
21 and \$750,000 falls short of a million. Why
22 would we want to accept that, if it is just
23 an arbitrary figure you have picked?

24 MR. ALANAIS: Well, in the plan I
25 think, Mr. Thar, there is a provision for

1 up to an additional \$750,000, should we not
2 be making progress at this time next year.
3 So we have provided for it.

4 MR. THAR: That's true. If Caesars
5 had, if they did not comply, another two
6 million, so that would have been four over
7 30, where yours would be 1.5 over 18. The
8 ratios don't seem to mix. I'm asking what
9 is the \$750,000 based on? And I guess your
10 answer is, we think it is going to take
11 one-sixth to help HMR increase their
12 business so they can satisfy our casino.
13 And then we will have five-sixths left over
14 for some other things.

15 I'm still asking if that's your
16 answer with regard to why \$750,000?

17 MR. ALANAIS: Well, we looked at
18 this, we felt that \$750,000 would get the
19 job done. And it is the number that we
20 have come up with as result of that. It
21 wasn't tied to any specific formula.

22 MR. THAR: Is HMR a minority or
23 women-owned business enterprise?

24 MR. ALANAIS: It is a minority-owned
25 enterprise, but also a woman.

1 CHAIRMAN VOWELS: Have you used them
2 or just pulled those out because they are
3 from Evansville like I am?

4 MR. ALANAIS: As Mr. Morris said,
5 Caesars has been helpful to us in providing
6 some information to us in terms of how they
7 have proceeded. I believe this minority
8 vendor is doing business with Caesars now,
9 and we feel that they have the ability to
10 provide quality goods to us. And so we
11 think that that's a good minority vendor to
12 do business with, and one this Commission
13 is familiar with. That it is a legitimate
14 and very capable minority vendor.

15 CHAIRMAN VOWELS: This Exhibit 1,
16 this document that you gave to us, which is
17 total purchases for the second quarter of
18 2001, it is page after page of companies
19 that you deal with. And very, very, very,
20 few are certified MBE or WBE. So you don't
21 have any construction left. Caesars had
22 that.

23 MR. ALANAIS: I'm sorry,
24 Mr. Chairman?

25 CHAIRMAN VOWELS: Caesars had

1 construction left where they were able to
2 make a big dent in that. You don't have
3 anything in that regard. How are you going
4 to make up this shortage?

5 MR. ALANAIS: Well, if you look at
6 our report for the third quarter, we are at
7 over 14 percent on women business
8 enterprises procurement. That is, I
9 believe, had made up about two million
10 dollars this year of about some seven
11 million dollar deficit that we -- that was
12 incurred during the construction period.
13 If we could maintain that, we obviously
14 over approximately a three-year period,
15 could in fact remedy the deficiencies that
16 occurred in that area.

17 That's really how we're looking at it
18 and trying to, over a period of three to
19 four years, make up the deficiency that has
20 occurred during the construction period.

21 MR. MILCAREK: It looks like the
22 majority of the purchases are not even in
23 Indiana.

24 CHAIRMAN VOWELS: The entire thing
25 just intrigues me to no end. And it is



1 what Mr. Thar has difficulty dealing with,
2 particularly because it is -- that bothers
3 us because he does have to do the
4 day-in-and-day-out work of this operation.
5 And it is just important that you relay to
6 the people under you that we are a united
7 front here.

8 MR. ALANAIS: There is no question,
9 Mr. Chairman.

10 CHAIRMAN VOWELS: What went on
11 recently is just bizarre. I mean, that was
12 just incredible. And he's such a good guy,
13 I didn't even know about it until this
14 morning. You know, we talk to each other
15 every couple of weeks, and he didn't call
16 me like a big baby telling me what is going
17 on. He read an article in the newspaper
18 you were doing something completely the
19 opposite of what he was told to do, and it
20 was just amazing, just amazing to me.

21 That's why I'm glad to see Ms.
22 Fleming there. She worked with us for a
23 long time from the very beginning, and she
24 knows the degree of efficiency and
25 competency of this Commission staff. And

1 she can relate to you just how seriously we
2 take things. She was pretty hardnosed when
3 she was with us. And I think she will be
4 good counsel for you, if you listen to her
5 and Mr. Johnson.

6 This \$750,000 that you're proposing
7 to put into a fund, what will that do?
8 What are you going to use that fund for?

9 MR. ALANAIS: It will be used to
10 incubate potentially new businesses to
11 expand existing businesses. It will be
12 used to try to enable firms to do business
13 with us. To create what we believe that
14 one of the problems is that there simply
15 aren't enough minority firms, or the firms
16 are too small to be sometimes competitive
17 in these marketplaces. And so it does
18 require some assistance on our part and
19 others to be able to assist these firms, to
20 be able to compete on a level-playing
21 field, to be able to get into businesses
22 that they are not otherwise in today. And
23 we intend to use this money to help firms
24 of that type and to do business with them
25 to significantly exceed our goals on an

1 ongoing basis.

2 CHAIRMAN VOWELS: Not to
3 underestimate what might be in other
4 jurisdictions, our State legislature when
5 they enacted the gambling statute,
6 specifically put that in there. I mean --

7 MR. ALANAIS: I fully understand
8 that. We know it is one of the purposes of
9 the Act.

10 CHAIRMAN VOWELS: It comes down from
11 on high. It is not a resolution or
12 something that we decided among the seven
13 of as a staff to come up with, our State
14 legislature dealt with it accordingly. And
15 we have to enforce those statutes along
16 with all our other rules and regulations,
17 and it has to be taken seriously. And we
18 thought when Caesars had their problem that
19 we made and sent the message out very
20 clearly that, but apparently not.

21 MS. BOCHNOWSKI: Here is part of the
22 problem, too. You got this issue where you
23 haven't met -- I mean, you haven't for a
24 long time -- it appears you weren't even
25 trying to meet our goals. But there is

1 more than that. You can give me all,
2 everything you want, but I can't trust you
3 right now. So I feel like, I have
4 children, I'm a mother. And I tell them,
5 don't lie to me, don't lie, don't lie,
6 because I will not be able to trust you and
7 your word will mean nothing. And I feel
8 the very same way right now.

9 So we're going to have to do
10 something because we can't trust you.
11 We're going to have to hold your hand and
12 keep you on a leash, I don't know,
13 something to make this work.

14 MR. ALANAIS: And I appreciate that.

15 Please let me explain that when those
16 representations were made to the Board, it
17 would have been absolutely crazy for me or
18 for any of our other executives to say
19 quote "try to mislead you." Because we
20 had to file these reports, and they were
21 going to speak for themselves as they had.
22 So I apologize because that's what
23 happened. It did happen. It was
24 inadvertence that led to that, not intent,
25 but it is carelessness, and we accept

1 responsibility for that.

2 CHAIRMAN VOWELS: Well, the thing is,
3 I don't know if it was inadvertent. I
4 mean, as far as Paul Alanais, you're
5 standing here taking all the heat. You're
6 the big guy, so you have to do that. There
7 is nobody standing next to you, and I hope
8 you will communicate to those people that
9 did mislead us, not inadvertently, that put
10 you here in a very uncomfortable situation
11 and, unfortunately, you're the guy that
12 we're yelling at. And the way the food
13 chain works, if you go back and you make
14 sure they have a bad day. But to term it
15 inadvertent with some of the things that
16 have gone on lately --

17 MR. ALANAIS: From my perspective in
18 terms of --

19 CHAIRMAN VOWELS: I understand you're
20 just the guy who is standing there now, and
21 we're talking about Belterra and your
22 subordinates. And --

23 MR. ALANAIS: We have made some
24 changes, and we fully understand the lack
25 of credibility that we have today. The

1 necessity to reestablish confidence in each
2 and all of the members of this Commission
3 and the integrity and forthrightness, the
4 accuracy of what we say and report to you.
5 And I am standing here today now with no
6 misunderstandings, telling you that we
7 understand that all the way up through my
8 level.

9 we understand that and we're
10 committed to that and, you know, I am on
11 the firing line now. And now you have on
12 the record my statement that we will be
13 absolutely certain that reports we send to
14 you on an ongoing basis are accurate and
15 that we will check them once and twice and
16 three times and make certain that I am not
17 up here again having to explain and
18 apologize for our shortcomings.

19 CHAIRMAN VOWELS: The important thing
20 to keep in mind and to pass along is that
21 Belterra is now in the front of our mind.
22 When I talk to see Mr. Thar every week or
23 two about something, or this or that, it
24 will always come in our conversation: How
25 is Belterra doing? No matter what we're

1 talking about: How is Belterra doing?

2 And so you just need to pass that
3 along, that they are under a spotlight and
4 microscope. And if -- you're lucky he's
5 the executive director and I am not,
6 because I would be asking this Commission
7 for a lot more if I was in his position.
8 But that's just my weakness.

9 You know, is there any thought from
10 the Commissioners before that? Any
11 questions for Mr. Alanais?

12 MR. GETTELFINGER: I have a few.

13 CHAIRMAN VOWELS: Go ahead.

14 MR. GETTELFINGER: In what other
15 jurisdictions do you operate casinos and
16 gaming facilities?

17 MR. ALANAIS: We operate in Nevada,
18 Mississippi, Louisiana, and here in the
19 United States. And, of course, here in
20 Indiana.

21 MR. GETTELFINGER: Do some or all of
22 those jurisdictions have similar
23 requirements as does the State of Indiana?

24 MR. ALANAIS: Only the State of
25 Louisiana.

1 MR. GETTELFINGER: Would you review
2 those requirements for us, please?

3 MR. ALANAIS: Each operator in the
4 State of Louisiana in connection with their
5 initial application for a license, sets its
6 own individual goals that they strive to
7 attain in terms of minority and
8 women-owned, both in terms of employment
9 and procurement. But they are then set by
10 the individual licensee, and then monitored
11 by the State to see if the licensee is able
12 to achieve those goals.

13 MR. GETTELFINGER: Is your
14 organization's policy to comply with these
15 rules on a state-by-state basis or
16 jurisdiction-by-jurisdiction basis? Or do
17 you have a corporate policy for achieving
18 the objectives of what we have as a statute
19 and objective here in Indiana?

20 MR. ALANAIS: Well, we certainly
21 believe in those objectives. We do not
22 have any problems with the notion of trying
23 as best we can to achieve significant
24 numbers at all of our facilities in terms
25 of minority and women, both in terms of

1 employment and in terms of procurement.
2 Obviously, that's so it does not stop at
3 state lines.

4 We obviously believe in this as a
5 principle, that's why I'm embarrassed to be
6 up here in front of you having to explain
7 why we didn't achieve even the statutory
8 goals that are set here in the State of
9 Indiana in the past. Because this is not
10 something that we oppose, and this is not
11 something that we don't believe in. This
12 is exactly the opposite. We support it and
13 we as a company believe in that principle.

14 MR. GETTELFINGER: So, I'm
15 correct or I understand you correctly, you
16 have no corporate policy, no written
17 policy, written statement, to provide
18 guidance to your casino in these different
19 jurisdictions?

20 MR. ALANAIS: Well, we have a written
21 policy with respect to Louisiana. We do
22 not have a written policy with respect to
23 other states.

24 MR. GETTELFINGER: Thank you.

25 MR. THAR: If I may, for a follow-up

1 to Mr. Gettelfinger's question, what were
2 your minority and women business enterprise
3 expenditures as a corporation for the last
4 couple of years? Do you know those
5 percentages?

6 MR. ALANAIS: I don't know them off
7 the top of my head, Mr. Thar. We can
8 certainly get them for you, if we have to.
9 We have two operations in the State of
10 Louisiana. One of them is well in excess
11 of its goals. The other one is right about
12 at its goals for the year. And I don't
13 know what in terms of Nevada and
14 Mississippi those numbers might be. We can
15 certainly provide them to you.

16 MR. THAR: Only if they exist, I
17 don't want you to create them. If they
18 existed last night, fine.

19 MR. ALANAIS: We will provide you
20 those that are available.

21 MR. THAR: That would be fine.
22 Speaking of Louisiana, your company
23 recently obtained a 15th license in
24 Louisiana?

25 MR. ALANAIS: Yes, sir.

1 MR. THAR: How large of a project is
2 proposed for Louisiana?

3 MR. ALANAIS: It's about a 220
4 million dollar project.

5 MR. THAR: It will be substantially
6 the same as the project in Belterra?

7 MR. ALANAIS: Yes, sir.

8 MR. THAR: And did they put any
9 conditions on that license, the State of
10 Louisiana?

11 MR. ALANAIS: Yes, sir.

12 MR. THAR: What are they?

13 MR. ALANAIS: Well, there is a set of
14 36 conditions. There are probably four or
15 five substantive conditions, which I can
16 review with you.

17 MR. THAR: Have they been provided to
18 the Gaming Commission here?

19 MR. ALANAIS: I am not aware that
20 they have, but they should be.

21 MR. THAR: Does one of the conditions
22 have to do with financing?

23 MR. ALANAIS: Well, one of the
24 conditions is that before construction the
25 entire amount of the project cost be put

1 into an escrow in the form of either cash,
2 bank lines of credit or other financing,
3 reasonably acceptable to the Louisiana
4 Gaming Board, to assure that all funds are
5 available for completion of the project
6 before it starts.

7 MR. THAR: Now I'm going to presume
8 for a moment that the majority of your job
9 for the next period of time is going to be
10 to get that funding put together and
11 secured. How are we to expect that the
12 corporate officers are, in fact, going to
13 take as active a role as you have described
14 in trying to obtain MBE/WBE numbers, when
15 you're now working on the last license in
16 trying to get project funding and
17 development for Louisiana?

18 MR. ALANAIS: Well, Mr. Thar, we have
19 the majority of those funds available to us
20 today. We have \$150 million in cash and we
21 have had -- we have a bank credit facility
22 of 110 million dollars. So provided that
23 nothing changes from here on forward in
24 terms of material adverse changes with
25 respect to our operations, we do have the

1 funding available for that project from the
2 sources that are there today.

3 MR. THAR: Were any representations
4 made to the Louisiana authorities
5 concerning MBE/WBE compliance factors in
6 the State of Indiana when you received the
7 okay for the 15th license in Louisiana?

8 MR. ALANAIS: No.

9 MR. THAR: No.

10 MR. ALANAIS: No, sir.

11 CHAIRMAN VOWELS: Were you asked?

12 MR. ALANAIS: No, sir.

13 MR. THAR: Were you asked whether or
14 not you would be able to comply with even
15 the self-governing-type percentages that
16 you put forward to them?

17 MR. ALANAIS: Well, sir, we are
18 delinquent here in the State of Indiana. I
19 think our record is better in the State of
20 Louisiana. So our record in terms of --
21 with our existing operations there in terms
22 of minority procurement, women procurement
23 and hiring, I think we have done a better
24 job there. We need to do a better job
25 here.

1 MR. THAR: I was going to say, I
2 don't think it is a plus to tell us today
3 that your numbers are better in Louisiana
4 than they are in Indiana.

5 MR. ALANAIS: I understand, sir. The
6 construction was our shortcoming, and I
7 wish I could go back and rectify that
8 today. From an operating standpoint, it is
9 our policy to achieve and now greatly
10 exceed those numbers. And we are, I think
11 you can see from the graph, making great
12 efforts even without the implementation of
13 this plan, to try to attain or exceed those
14 numbers here in the State of Indiana as
15 well.

16 CHAIRMAN VOWELS: There is a fund
17 advisory committee I see in here, local
18 here, and you put together, that includes
19 our fellow Commissioner, Dr. Ross. Is that
20 something -- is this advisory committee set
21 already? Have you talked to Dr. Ross or
22 somebody has on this committee willing?

23 MR. ALANAIS: Our counsel has spoken
24 with him and requested that he serve on the
25 committee. We have hired a consultant,

1 Mr. Bill Joiner, who will assist us in
2 terms -- and help us and advise us in terms
3 of how to implement this fund. We will try
4 to use all of these resources to insure
5 that we are the type of corporate citizen
6 and licensee that this Board in the future
7 can be proud of.

8 MR. THAR: Let me correct that just a
9 little bit. From a tactical point of view,
10 it probably would be improper for counsel
11 to approach Dr. Ross on matters before the
12 Commission, based upon our rules. I was
13 asked to contact Dr. Ross.

14 MR. ALANAIS: Excuse me, I apologize.

15 MR. THAR: Just a technical
16 correction. I'm saying for the record, Dr.
17 Ross said, yes, if this plan is approved he
18 would sit on such a Board.

19 CHAIRMAN VOWELS: Okay.

20 MR. THAR: It has been represented by
21 counsel that the other people represented
22 in that fund advisory committee have also
23 consented, assuming the plan is practical.

24 MS. FLEMING: One correction, all
25 have been contacted. All have responded

1 affirmatively. We have not heard from
2 Senator Sipes. We're still waiting for a
3 response from her.

4 CHAIRMAN VOWELS: Three state
5 representatives and then States Senator
6 Sipes, are they all from here this general
7 --

8 MS. FLEMING: Lacey is better --

9 MR. JOHNSON: Two located in
10 Indianapolis, one in Ohio River and one in
11 Lake County. Representative Harris from
12 Lake County representative Bill Crawford
13 and Porter from Indianapolis, and Sipes
14 from Ohio River.

15 CHAIRMAN VOWELS: And how were they
16 chosen in legislature, are they involved in
17 through the legislative process?

18 MR. JOHNSON: They always been on
19 this issue of WBE/MBE.

20 CHAIRMAN VOWELS: Miss Fleming,
21 you're on that committee, too, right?

22 MS. FLEMING: Yes.

23 MR. THAR: I might suggest a couple
24 of things with regard to thinking about
25 this process. One is, I think the



1 Commission needs to, since we had an
2 opportunity to review the plan, determine
3 whether or not the plan is sufficient as it
4 stands at this point in time.

5 Secondly, if part of the plan is the
6 funding of \$750,000, if we find the plan is
7 fine, we also need to determine whether or
8 not we believe that amount of money is
9 fine. When that is all said and done, then
10 the question comes up, is there anything
11 else that needs to be done in view of this
12 particular company. If so, what; if not,
13 fine, also.

14 Dr. Ross, I believe once indicated
15 during the course of Caesars' issue in
16 November of 1999, that MBE/WBE expenditures
17 are, from this Commission's point of view,
18 very similar to paying your taxes. If you
19 don't pay your taxes, you know, you're
20 going to lose your license. So why should
21 it be any different if you don't meet the
22 statutory goals from the MBE and WBE
23 factors?

24 What people sometimes fail to
25 realize, and Dr. Ross also pointed out in



1 November of 1999 that you can do anything
2 you want with 85 percent of your
3 expenditures, we're talking about 15
4 percent. This isn't some type of huge
5 number that is shoved at someone. You have
6 80 percent to spend any way your company
7 wants. Any groups you have done business
8 with in the past, anything, as long as they
9 are fair market value arms-length
10 transactions, talking about 10 and 5.

11 Doctor, those were points you made in
12 November of 1999. To what extent do you
13 see those points holding true today?

14 DR. ROSS: I think it is exactly the
15 same, same way. And maybe it should be
16 even tighter, since that was common
17 knowledge and everybody knew that.

18 MR. THAR: I think one of the issues
19 that bothers me that rises to the front is
20 that in November of '99, we have a major
21 meeting discussing MBE/WBE issues. And in
22 January of 2000 were sent a letter
23 representing, knowing that this is a hot
24 topic with us, that we're fine as a
25 company.



1 Now the letter was not written by the
2 company, but it was cc'd to the company,
3 Mr. Alanais, Mr. Rosrow, Mr. Spina was
4 General Manager at the time. And at no
5 time did any member of corporate or the
6 project here in Indiana step forward to
7 say, you know, I am not sure if that's an
8 absolutely accurate representation. I am
9 not sure we're having that, we're in
10 compliance with our numbers.

11 It was never, Mr. Alanais, that I
12 remember, from any member of the Indiana
13 project or any corporate person that said,
14 you know, we may not be making our numbers,
15 we may be having trouble with the numbers.
16 Instead, these statements were allowed to
17 stand.

18 CHAIRMAN VOWELS: That's correct.

19 MR. THAR: I'm afraid there is no one
20 to look at on this, other than you and the
21 corporation.

22 MR. ALANAIS: I understand, Mr. Thar,
23 That we should have -- it should have.
24 Bells should have gone off probably, and we
25 should have verified. We should have been

1 more diligent in terms of -- I believe only
2 10 percent of our expenditures occurred in
3 1999. But, nevertheless, it was a number
4 and it was a report and clearly that
5 statement was not accurate. And we have to
6 take responsibility for it.

7 We didn't make the statement
8 ourselves. But you're right, we were aware
9 of it and we should have probably thought
10 about it and tried to make any independent
11 verification that that was in fact the
12 case. It was an ongoing process, and
13 during the construction period there are
14 certain subcontractors who may be
15 minorities that, who will be involved in
16 the work. It doesn't necessarily happen
17 pro rata during the whole process. There
18 is certain types of trades that get
19 involved later in the process, others
20 involved in the -- early in the process.
21 And so it may not be a prorata-type of
22 situation. But the reality is at the end
23 we didn't meet, didn't meet the number.

24 In a construction situation, though,
25 I think that that has to be understood that



1 there could be construction, certain
2 expenses like in those early months. I
3 believe it was primarily the boat
4 construction.

5 MR. THAR: Don't keep digging the
6 hole.

7 MR. ALANAIS: I understand. All I'm
8 saying is that --

9 MR. THAR: You were aware of it.

10 MR. ALANAIS: Yes.

11 MR. THAR: You knew it. We know you
12 got the certificate. We had a major
13 meeting over this three months before the
14 representations. It is your responsibility
15 to go forward and find the people to make
16 these expenditures swift and to report them
17 accurately. And if you decide you're not
18 going to use certified members, then you're
19 not following the law in Indiana.

20 And if what you're telling us is
21 that, well, maybe we did expend money with
22 people who weren't certified who might have
23 been minorities, it is your figures that
24 are so unreliable that you can show no
25 definitive expenditures for the year 1999



1 to either women business enterprises or
2 minority business enterprises. That falls
3 squarely on the shoulders of your company.

4 MR. ALANAIS: I understand that.

5 MR. THAR: It holds true further, you
6 move into what the figures are that can be
7 confirmed for the year 2000, which still
8 don't meet it.

9 I find, and the rest of the
10 Commission, that members of the Commission,
11 that Caesars had a failure. Part of the
12 reason for the failure was being bought and
13 sold once by a company who did not
14 understand gaming and having expenditures
15 pulled back. But Caesars never
16 misrepresented anything to this Commission.
17 This is the first time that there has been
18 a representation, misrepresentation as big
19 as what is contained in that letter,
20 compared to what the facts were at the
21 time.

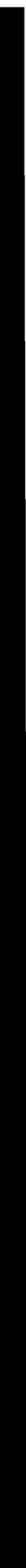
22 So I question whether an additional
23 \$750,000 is a significant finding.
24 However, a fine is in order or -- because
25 let's not mince words -- Belterra has not



1 caught a break since they have had their
2 boat damaged, difficult opening. They have
3 had change in personnel. Their goals do
4 not meet expectations, in this point of
5 view. Wehther an additional financial
6 penalty is an aid or too severe a
7 punishment, because maybe they can't afford
8 it right now.

9 Should there be a suspension of a
10 license for a brief period of time, half
11 operating day a week-end to show the
12 seriousness? Do we think about maybe
13 putting probationary status on the license
14 so that if this conduct is not corrected
15 that they know that the next step may very
16 well be suspension of the license. Not
17 simply because they didn't make their
18 numbers, because they have not been honest
19 about the representations.

20 MS. BOCHNOWSKI: I think we need to
21 have, as I said, very tight rein on this
22 situation. And you reminded us of what Dr.
23 Ross had said regarding this being as
24 important as paying taxes, and if you don't
25 pay your taxes you lose your license.



1 So I would -- this is just my
2 personal feeling, that I'm airing right
3 now. That as a first step, I would say
4 probation, suspension and then take it
5 away. So I would say as a first step, a
6 probationary period. And then the
7 probationary period, would have to have a
8 condition so that we got absolutely
9 accurate information on a very regular
10 basis. And somehow a condition would have
11 to make it so that the staff can work with
12 this company and that we can rely on what
13 we're getting.

14 CHAIRMAN VOWELS: I think that's
15 correct. A probationary period with a
16 short leash, with monthly reports on a
17 definite day of the month. And if they are
18 late, then Mr. Thar can let us know that.
19 And at some point, we can address whether
20 there would be any penalties because those
21 reports are late.

22 Mr. Alanais, is there any ambiguity
23 where we're coming from today?

24 MR. ALANAIS: None whatsoever.

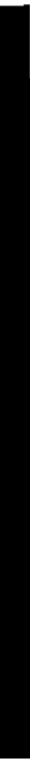
25 MR. THAR: I don't know that -- maybe

1 the Commissioners have observations with
2 regards to those comments I made for you?

3 MR. MILCAREK: I would reflect on
4 treatment of the staff over the past few
5 months, and I would like some response to
6 that. It reminds me of another country
7 that we were at war with one time, they
8 threw out everybody and treated them with
9 no respect or dignity of any kind that
10 left. Definitely is serious in my eyes,
11 and I couldn't have anything like that
12 permitted.

13 MR. THAR: This is referred to with
14 regards to the General Manager who is the
15 interim General Manager. An individual we
16 allowed to perform supposedly just as a
17 consultant. Would you care to address
18 that?

19 MR. ALANAIS: Several months ago
20 Mr. Spieno was terminated and we made the
21 Chief Financial Officer, Mr. Brzinski, the
22 interim General Manager. But also sent
23 Mr. Delaney, who is our corporate food and
24 beverage hotel director to Indiana to
25 assist. It was our hope that he could be



1 approved as interim General Manager. But
2 it was determined by the staff that he did
3 not have the requisite gaming experience to
4 fill that position.

5 It was always, throughout this
6 process, we have been conducting a search
7 and have interviewed numerous candidates,
8 brought at least four or five different
9 candidates to the property. Made several
10 offers, but did not attain a General
11 Manager. We have since that time made an
12 offer and retained Mr. Uboldi, our new
13 General Manager. He has 25 years of
14 experience in the gaming industry. Was a
15 formal CEO of Lady Luck Gaming, President
16 of Lady Luck Gaming. And I think has been,
17 at least at the first level, approved.

18 During the period of months that
19 Mr. Brzinski was interim General Manager
20 and Mr. Delaney was at the property, there
21 was an attempt on our part to comply with
22 Mr. Thar's directives that Mr. Delaney not
23 be involved in any gaming operation and
24 Mr. Posinsky was the man who was
25 responsible for those operations.



1 MR. THAR: Now, wait a second. Those
2 were my directives because that was your
3 set up, was it not?

4 MR. ALANAIS: Yes, absolutely. I
5 believe there were some, there was a quote
6 in -- and there was an article in the
7 newspaper that called Mr. Delaney, referred
8 to Mr. Delaney as General Manager of the
9 property. And a call was made by staff to
10 the property asking for the General Manager
11 and they referred to Mr. Delaney.

12 We can't explain. There was
13 obviously issues there that we made every
14 effort to comply with Mr. Thar's directives
15 and our agreement with Mr. Thar, and tried
16 to keep Mr. Delaney out of any areas when
17 responsibility would be tantamount to being
18 General Manager. But we acknowledge the
19 lines became grey here, and we were
20 concerned about it.

21 We have tried to comply with the
22 understanding that we had an arrangement
23 that was made. But his presence created
24 confusion, and it has created, I know a lot
25 of consternation on the part of the staff

1 that that existed. We have corrected that
2 problem, and it will not occur. But it was
3 clearly an area of ambiguity that created
4 problems in the past and further
5 accentuated, as I know, our issues here
6 today.

7 CHAIRMAN VOWELS: There is one factor
8 that you left out.

9 MR. THAR: This is at the time we
10 reviewed Mr. Delaney's application for
11 level one license to be interim General
12 Manager. It was pointed out he had no
13 casino experience whatsoever, understood
14 that that would not be allowed. We would,
15 in an effort to help the company make a
16 level one consultant with the expressed
17 understanding he could give no orders,
18 that he could not be involved in casino
19 operations. And that Mr. Brzinski who they
20 sent to be acting interim General Manager,
21 would, in fact, perform as General Manager.

22 Those lines were, in fact, confused
23 over a period of time. What was left out
24 is the fact that we had another meeting
25 that Mr. Delaney was present at, and it was



1 reaffirmed that he knew his role and
2 articulated just the way I just did, and
3 said it as did Mr. Brzinski and did Mr.
4 Alanaïs. And it was one week after that
5 meeting the newspaper article appeared, and
6 no one was again there present in the local
7 property or the corporation ever to say
8 this is incorrect, change it. We have seen
9 that MBE/WBE issues. We have seen that
10 with regard to some of your personnel
11 earnings there.

12 We will go further, if you would
13 like. This is probably not the day for it.
14 The question is: How is this Commission,
15 on what basis does this Commission supposed
16 to believe and have faith that you will
17 carry out what you say you will carry out
18 in this jurisdiction?

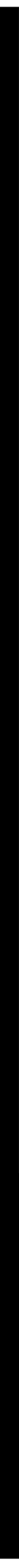
19 MR. ALANAIS: My commitment to you
20 today, I have tried. We understand the
21 authority of this Commission and your
22 authority, Mr. Thar. We respect it. We do
23 not intend or try to circumvent it. We
24 have genuinely -- Mr. Delaney is a man of
25 integrity. He's very concerned about



1 trying to help this company and to turn
2 Belterra around. And we have his
3 enthusiasm there and we want -- he knew his
4 responsibilities and his limitations. And
5 he has said to me that, when I asked him
6 about that article and I never even knew
7 about that article until it was raised by
8 you and it became obviously a point of
9 contention. And, of course, his
10 explanation is that's not what he said and
11 he was misquoted.

12 But I can't sit here and say, you
13 know, make these arguments to you. I can
14 only say that it was certainly, there was
15 no misunderstanding about the lines that
16 were drawn. And it was our directives, and
17 I believe it was his intent, to comply with
18 those. But for his very presence,
19 obviously, created elements of confusion
20 and in an area of, gray area. That was in
21 the end, probably would have never sent
22 him. But we were up against it in terms of
23 having an operation in severe trouble.

24 MR. THAR: The actions of your
25 company to date seem to bear out a



1 corporate philosophy, we will do what we
2 want and beg forgiveness later. At least
3 to some people.

4 I want to switch a topic on you. If
5 this Commission was to impose a large fine,
6 or suspend your license for a brief period
7 of time, or put your license on probation
8 for a period of time with a condition.
9 What adverse consequences, if any, result
10 to your company in other jurisdictions with
11 regards to each of those alternatives?

12 MR. ALANAIS: Well, I mean, obviously
13 it would be a matter of grave concern. I
14 would expect with other commissions in
15 states that we do business.

16 I mean, any -- as you well know, any
17 action by, if indeed there were issues in
18 Louisiana that involved our company, they
19 would be a concern to this Commission. I'm
20 quite certain that those other gaming
21 commissions would be as interested and as
22 concerned about any actions that this
23 Commission took in similar fashion.

24 MR. THAR: That's kind of nebulous
25 Mr. Rosrow, Mr. Johnson, do you have

1 specifics you wish to point out, Ms.
2 Fleming?

3 MS. FLEMING: No.

4 CHAIRMAN VOWELS: Would the Louisiana
5 Gaming Commission have a problem with your
6 license being on probation in Indiana?

7 MR. ALANAIS: Mr. Chairman, I can't
8 per se answer that question. But I can't
9 imagine that they couldn't. I mean, I
10 can't imagine that any of the jurisdictions
11 in which we do business would not be
12 extremely interested in and concerned about
13 one of the their licensees being on
14 probation in another state.

15 We have seen this obviously with
16 other companies, and so I would assume that
17 but I can't definitively say that's the
18 case.

19 CHAIRMAN VOWELS: You have got a new
20 General Manager who has 25 years gaming
21 experience. You wanted to have a guy who
22 worked in the food services be the General
23 Manager. Mr. Thar was very unambiguous,
24 and it appeared from your side that you all
25 were unambiguous as far as the license that



1 Mr. Delaney had.

2 And it appears to me Mr. Thar went
3 out of his way to allow Mr. Delaney to hold
4 some sort of license to get the experience
5 whatever necessary. And then he just sort
6 of, from what I gather, just had a general
7 contempt for this Commission's authority
8 and continued to do so. And wasn't there a
9 point in time when, Mr. Thar, where he had
10 to be ordered not to go upon the property?

11 MR. THAR: We did tell him he was to
12 give up his license or we would revoke
13 them. That he was not to go back on the
14 property. That was subsequently amended.
15 He was not to go back in the house casino
16 operations. He could go on the property as
17 a corporate representative with regard to
18 the hotel food and beverage landside
19 operation.

20 CHAIRMAN VOWELS: Was there anything
21 after you issued that heeding, where he
22 went on the property against that heed?

23 MR. THAR: We had to clarify the
24 heed. He went back into THE house after
25 our files to determine what the figures



1 were from the casino operation shortly
2 after gave up his license.

3 CHAIRMAN VOWELS: Is he still with
4 our company now?

5 MR. ALANAIS: Yes, sir.

6 CHAIRMAN VOWELS: Where is he?

7 MR. ALANAIS: He's here. He's here
8 in the State of Indiana. But he's, his
9 office is at the oval house, away from the
10 property. And he is not, he is traveling
11 extensively in connection with other
12 properties that we own.

13 MS. BOCHNOWSKI: If I --

14 MS. FLEMING: If I may make a few
15 points. When it comes to our attention
16 Mr. Delaney is going to be upon the
17 property, we signed a notification and
18 explain if he's going to be on the
19 property, where and what it is going to be
20 and ask if the Commission has any problem
21 with that?

22 MS. BOSCHNOWSKI: Belterra has
23 experienced some severe problems. We have
24 recently began working with Ice Miller and
25 would like the opportunity to try to work



1 with them and try to resolve some of these
2 issues before serious action is taken
3 against their license. They are making
4 some improvement. They have a long way to
5 go.

6 But we would like for Ice Miller to
7 have a chance to work with them and try to
8 overcome these problems before their
9 license is suspended or placed on probation
10 and that is acceptable to the Commission.

11 MR. THAR: The only thing I would
12 point out, they have had hired Mr. Delaney
13 is current since Ice Miller has been hired.
14 It is not a question of contempt of either
15 Ice Miller or either of the attorneys
16 practicing in front of this Commission on a
17 regular basis. We give credibility to the
18 company and are satisfied with their
19 personal.

20 What is important is this particular
21 issue is notwithstanding the fact that they
22 had Ice Miller, they had this other issue
23 occur. It is not one of legal
24 representation, it is one of
25 controllability.



1 CHAIRMAN VOWELS: It just amazes me
2 he's still around and still in Indiana.

3 MR. THAR: We don't feel it is for
4 staff to tell them what they can do,
5 obligated. But I can tell the company
6 where to place a particular individual.

7 CHAIRMAN VOWELS: I know you have a
8 guy who causes all this turmoil and he's
9 still in your business.

10 MR. ALANAIS: We have some staff that
11 live in Texas. And in anticipation, he had
12 moved his family and children here and
13 enrolled in school. So until the semester
14 was completed it was difficult, severe
15 personal issues.

16 So we felt that it was, from the
17 standpoint of his children, an opportunity
18 that he would stay away from the property.
19 Has an office at the oval house, not on the
20 property, and he is conducting the same
21 responsibility. It is with respect to all
22 other corporate properties and traveling to
23 all those just for the interim until a
24 change can be made back to California. He
25 is here for that period of time. That's



1 the explanation.

2 CHAIRMAN VOWELS: The new general
3 manager, sir, what is your name?

4 MR. UBOLDI: Allanaïs Uboldi.

5 CHAIRMAN VOWELS: Okay. You were
6 with Lady Luck for a long period of time?

7 MR. UBOLDI: Yes.

8 CHAIRMAN VOWELS: And Lady Luck is
9 one of the applicants in Lawrenceburg, have
10 you been ben involved in any application?

11 MR. UBOLDI: Yes, I was in
12 Lawrenceburg yes.

13 CHAIRMAN VOWELS: All right. Is
14 there anything about this that is unclear
15 to you about where we're coming from?

16 MR. UBOLDI: No, I understand
17 perfectly.

18 CHAIRMAN VOWELS: Okay. That's good.

19 MS. BOCHNOWSKI: The other issue.
20 The first thing I suppose that's on the
21 table here is if we do a probationary
22 period or whatever, if we actually take
23 action against the license in some way.
24 And, second thing is \$750,000 enough of a
25 set aside for this?



1 MR. THAR: I might look at it a
2 little differently, if I may. I think the
3 first is the action as put forward,
4 something of which the Commission believes
5 or will improve their performance to the
6 extent that we get into statutory
7 compliance.

8 Secondly, as part of that action plan
9 is set aside \$750,00 enough, should it be
10 more?

11 Thirdly, what, if anything else, is
12 necessary, a fine action against the
13 license or what? But I think that that's
14 where we want to start out. If we find
15 that that action plan, business development
16 action plan is insufficient, then there is
17 no point, I suppose in this point of time
18 moving forward, other than to direct
19 another one be done and what type of
20 interim action are we going to take during
21 the interim.

22 Is there a different way?

23 MR. ALANAIS: No, that's accurate.

24 DR. ROSS: It seems like the action
25 presented seems adequate. Whether the



1 \$750,000 is adequate, or not, I am not sure
2 that I have a way of judging that, other
3 than from what was done at Caesars. If we
4 used the same guidelines, then this is,
5 this figure is too small.

6 I think what we have here is really,
7 if we can pass on the plan and it goes
8 forward is sort of a chronic disregard to
9 the State of Indiana for the Gaming
10 Commission. And that, obviously, whatever
11 has been satisfied, that days to be
12 punished in some manner. And I think
13 that's been set forth. But to start with
14 the action plan seeming to be okay, we just
15 have to decide on the figure.

16 MR. THAR: From staff point of view,
17 the actual plan seems to set forth specific
18 steps that will be taken. Isolates who
19 will be responsible for those steps. In
20 that regard, it appears to be sufficient in
21 quality, if they follow it. If they don't
22 follow it, of course, have a huge problem
23 are. If they do follow it yet are unable
24 to meet numbers, there should be a
25 committee of relative diverse individuals



1 from the north part of -- the central part
2 of the central part of the State of
3 Indiana. This Commission who would be able
4 to be a very good objective, third party
5 observance what the parties are and why
6 they are not able to make them.

7 So from a procedural point of view,
8 it would appear that the plan does carry
9 forward sufficient specificity, will be
10 able to judge them on their compliance.
11 That would be staff's observations in
12 regard to the plan itself.

13 The question of \$750,000 is a
14 different issue. If we find that the fund,
15 coupled with the plan is sufficient right
16 now to carry forward on to give them
17 specificity, is the fund sufficient to
18 accomplish what needs to be accomplished?
19 My concern is how much more money Belterra
20 can afford. They are in the midst of
21 layoffs. Their numbers are not good. If
22 we say five million dollars will makeup for
23 the credibility issue and stuff, what does
24 that do financially?

25 I don't know that a financial penalty



1 is the issue. It is more on whether or not
2 this money is sufficient, if they do what
3 they say is going to be done. One thing is
4 they have committed another \$750,000 in a
5 year. Would you agree to an amount that
6 would be another \$750,000 if discretion of
7 this Commission, regardless of time?

8 MR. ALANAIS: Yes, sir. In other
9 words, modify the plan to provide for that?

10 MR. THAR: Rather than wait a year.
11 If we're seeing you're not making it, we
12 might order an additional \$750,000 put in
13 in six months.

14 MR. ALANAIS: We would agree with
15 that, of course.

16 MR. THAR: What happens if in 12
17 months later we decide you need another
18 \$750,000?

19 MR. ALANAIS: Well, we do business at
20 your discretion and as a privilege and
21 right. We obviously would comply with any
22 decision on your part. But we believe that
23 with the first \$750, and if we're not
24 making progress, then with whatever
25 additional penalty necessary we need to get



1 there. But we believe we can and will.

2 CHAIRMAN VOWELS: Thank you. So
3 there is recognized on behalf of the
4 corporation then if we start at \$750, of
5 course, and if more is needed they are
6 willing to back off this plan in terms of
7 specificity and recognize it could be
8 ordered at any point in time should they
9 wish to continue doing business with that
10 understanding, \$750 may be sufficient. As
11 long as Belterra understands, don't ever
12 withdraw a nickel of that on the redemption
13 plan before getting specific approval from
14 this Commission.

15 MR. ALANAIS: That's agreeable with
16 us as well, of course.

17 MR. THAR: You may want to vote or
18 not. If we're going to accept that action
19 plan with the amount of money funded, with
20 that in mind?

21 MR. ALANAIS: Agreed.

22 MS. BOCHNOWSKI: So should part of
23 the action plan include -- I don't know if
24 it does exactly, when you get reports.

25 MR. THAR: You have reporting



1 requirements in there. What is the
2 reporting --

3 MS. FLEMING: Monthly, beginning of
4 January.

5 MR. THAR: And when will we get the
6 report? January report will be received by
7 the Commission when?

8 MS. FLEMING: January 14th.

9 CHAIRMAN VOWELS: That's kind of
10 hard, the month wouldn't be finished. The
11 14th day of the following month?

12 MS. FLEMING: Yes.

13 CHAIRMAN VOWELS: Is that the --

14 MS. FLEMING: Yes.

15 MS. BOCHNOWSKI: 14th of every month
16 we would get the previous month's, okay.

17 MR. THAR: Do you think -- is that
18 the deadline? We will set it, if you miss
19 it for any reason or no reason at all, if
20 there is anything else less than the event
21 of September 11th of this year, there will
22 be action taken.

23 MR. ALANAIS: I can only volunteer to
24 say it doesn't make sense we make it
25 sometime later in the month to make sure



1 the information is accurate and complete.

2 MR. THAR: You're only getting 14
3 days from --

4 MR. ALANAIS: Then we will do that.

5 MR. THAR: That's your deadline. If
6 you're going to set that deadline, we're
7 telling you we're going to hold you to it.
8 Also, along -- I would previously set the
9 deadline something like 25, just to give an
10 additional 10 days for compilation of the
11 material and accuracy and for verification
12 of the report. If it doesn't have material
13 impact upon the staff's ability to review
14 and react to that --

15 MS. FLEMING: -- we could then
16 establish a deadline of the 29th of each
17 month, or 28th.

18 MR. THAR: We have already proposed a
19 deadline of the 14th of each month.

20 CHAIRMAN VOWELS: Let's just go with
21 the 20th.

22 MR. ALANAIS: That's fine. That
23 seems reasonable.

24 CHAIRMAN VOWELS: Twenty days into
25 the month. Correct any errors.



1 So what we have in front of us then
2 is this action plan with the changes that
3 were discussed, particularly in reference
4 to the \$750,000 that has already been
5 deposited. And it would leave it up to the
6 Gaming Commissions discretion whether, when
7 additional funding would be deposited.

8 Mr. Thar, as far as a probationary
9 period?

10 MR. THAR: I think we should deal
11 with the plan first, and then determine
12 whether or not anything further, perhaps
13 anything further should be handled.

14 CHAIRMAN VOWELS: All right. So in
15 reference to the action plan, anything more
16 specific that we have to discuss?

17 MR. MILCAREK: Our intent is to have
18 compliance. And if this plan, with the
19 right financial backing, will help Belterra
20 comply, I would be in favor.

21 MR. THAR: Do you want to make a
22 motion?

23 MR. MILCAREK: I'll make that as a
24 motion.

25 CHAIRMAN VOWELS: Is there a second?



1 MR. ROSS: Second.

2 THE COURT: Any further discussion?

3 All those in favor say aye.

4 (All said aye.)

5 CHAIRMAN VOWELS: All right. The
6 next matter then is what, if any, further
7 action do we take? We had talked about, we
8 had talked about fines and this and that,
9 and suspension and probation. What
10 thoughts do we all have?

11 MR. ROSS: I think due to the
12 financial condition of the company at this
13 time, that probation would speak as loud as
14 we need to speak at this time.

15 CHAIRMAN VOWELS: Mr. Thar, any
16 further thoughts on that?

17 MR. THAR: I would like to point out
18 the option, if any Commissioner may wish to
19 discuss. Probation certainly send a like
20 loud and clear warning that they will have
21 to report to their other jurisdictions.
22 Certainly our data jurisdiction would want
23 to know if there is a license, because what
24 to be put on probation to do that what
25 commission we should have on them.



1 It does not cause any additional
2 financial burden. Does not interfere to
3 operate under any business plan. What it
4 does simply say is if you continue on this
5 path, the next step is suspension or
6 revocation. Do you think so?

7 MR. ALANAIS: We understand that.

8 MR. THAR: That's one of the options.
9 I throw that to you for discussion.

10 MR. MILCAREK: Is there something
11 between probation, a full probation that
12 could be imposed that would not create a
13 financial hardship, especially in these
14 times. The numbers are getting, the budget
15 demonstrates the severity of the situation
16 that there be a type of notice that we're
17 threatening probation, and if the condition
18 continues that probation would be --

19 MS. BOCHNOWSKI: well, probation
20 doesn't really create a financial hardship.
21 And, quite frankly, I'm a little concerned,
22 given I think your management needs to get
23 its act together for a better choice of
24 words.

25 And so I kind of have some -- I



1 personally have some problems with you
2 jumping into this new project you have
3 going. It is not my decision, this is your
4 corporate decision. But if we do impose
5 this probation, and we would have to come
6 up with a period of time for which it would
7 last, I guess all that says is that we're
8 watching you closely, that if you don't get
9 your act together, then we will go the next
10 step. But if it has to be reported to your
11 other jurisdiction, I guess that's really
12 not my problem, and maybe it is for the
13 best. Mr. Sherman, you --

14 MR. GETTELFINGER: In question of the
15 fine, if a fine would be assessed, were it
16 to be a fine, I have a questions in terms
17 --

18 MR. THAR: Failure to follow WBE/MBE
19 statute, we have the credibility issue of
20 the company. We have not gone into
21 disciplinary action with regard to the
22 credibility issue in MBE/WBE issue, because
23 of the written representations as well as
24 the oral, that they were complying with the
25 statute when, in fact, they weren't. So it



1 is --

2 MR. GETTELFINGER: So, isn't it a
3 fact that there has been noncompliance in
4 this area? Am I correct in that
5 conclusion, there has been non-compliance?

6 MR. THAR: I think that's admitted.

7 MR. GETTELFINGER: Is it appropriate
8 to assess some fine to document that there
9 has been non-compliance?

10 And are we just talking about the
11 amount of the fine? Does a fine of a
12 dollar indicate that there has been
13 non-compliance? And that the Commission
14 there is not going to let opportunities go
15 by where fines are appropriate? It appears
16 to me that a fine is appropriate. And it
17 is called for, but it is a different
18 question, separate question: what is the
19 amount of that fine?

20 MR. MILCAREK: I would think the fine
21 should be in the amount that it would mean
22 something. And I think your intent is
23 good. I think it would lessen the severity
24 of the fine, if it was only small.

25 A fine should be something large



1 enough that it sends a message, and I don't
2 think just the word fine or dollar or \$100
3 would do it. I would rather not assess a
4 fine, as to have it in such a small amount.
5 I think it would dilute the meaning of a
6 fine.

7 CHAIRMAN VOWELS: And I agree with
8 you, too, I think the idea of probation,
9 just the term of probation as I understand,
10 is an awfully strong signal. And what that
11 sets into motion is that you're under the
12 microscope and there are certain conditions
13 that you have to comply with. And if you
14 fail to do that, then it is a very short
15 step to determination of whether there is
16 suspension or revocation. Not necessarily
17 a determination, but at least addressing
18 those issues, so we go down the ladder to
19 that.

20 what I would propose is a probation
21 period. And Mr. Thar, do you have any
22 thoughts about if we did that, about how
23 long we would be talking, a year or so or
24 --

25 MR. THAR: Well, it is a period of



1 time that would be -- I think this
2 Commission is comfortable that some of the
3 issues that we have discussed here are in
4 fact no longer existing, other ways to be
5 resolved. Whether a period of six months
6 for instance on probation, it be reviewed
7 on or before July 1, of 2002.

8 During that period of time, what
9 condition would make this Commission feel
10 comfortable, and what ramifications that is
11 to this company if they are to violate the
12 probation? To what extent you want to set
13 up zero tolerance for situations or minimal
14 tolerance at this time for MBE/WBE problems
15 or lack of credibility in those areas?

16 CHAIRMAN VOWELS: I would think that
17 if a term, rather than six months, a year,
18 and if there is substantial compliance you
19 feel comfortable with it, we could always
20 reduce the probation period. And that
21 would give them some further incentive to
22 get their act together. If after six
23 months it appears that everything is in
24 good order, then we could release them from
25 that probationary period. And we could



1 have one year probation with six months
2 review at which time could be lifted or
3 kept.

4 MR. MILCAREK: What about a probation
5 with management coming to us and explaining
6 what they did and why and how, why they
7 feel their probation should be removed,
8 rather than say one year. Give you an
9 incentive that you could get off very
10 shortly if you could convince us why you
11 should be removed from probation.

12 DR. ROSS: I think you need to have a
13 certain period of time, and then you can
14 reduce the time if the condition is
15 warranted. I think we have to set a
16 specific time that the probation is going
17 to be for. So I think one year probation
18 for the review in six months instead to
19 determine if it needs to be continued --

20 CHAIRMAN VOWELS: And as far as
21 conditions, of course, there is the monthly
22 reporting requirement. Is there anything
23 else, other than that?

24 MS. BOCHNOWSKI: Are we all generally
25 in agreement with a probation? Is



1 everybody kind of thinking the same way
2 here? I just want to make sure.

3 MR. MILCAREK: If we rule for
4 probation, should we pull all the
5 jurisdiction North Dear in there?

6 MR. ALANAIS: I would certainly think
7 so, yes, sir.

8 MR. MILCAREK: I would say that
9 should be.

10 CHAIRMAN VOWELS: How does that work,
11 Mr. Thar? Is that something the Commission
12 notifies the other jurisdictions or does
13 the licensee?

14 MR. THAR: We will notify those
15 jurisdictions that we have a working
16 relationship with them. To verify with us
17 that they have notified jurisdictions.

18 CHAIRMAN VOWELS: Are there any other
19 specific conditions that we need to
20 address?

21 I certainly -- I know this will be
22 put in writing. I would like -- so there
23 is not any wiggle room -- that we didn't
24 talk about this or that. When the time
25 comes, in case there is a violation of one



1 of the provisions of the probation.

2 MR. THAR: I think the probation to
3 be voted on by the Commission is action
4 probation with regard to minority business
5 women enterprise performance to date for
6 lack of credibility with regards to their
7 performance to date. And that the terms of
8 the probation is that they will carry out
9 each of the items set forth, condition of
10 probation in their business involvement
11 action plans in the amendment orally agreed
12 to adhere to them.

13 And if they do not, or their
14 misrepresentation, with regard to that,
15 then the Commission will take whatever
16 appropriate action, whatever action is even
17 appropriate past probation in that
18 instance. If that's the direction the
19 Commission is going?

20 MR. MILCAREK: In other words, it is
21 a matter of them developing trust with us
22 once again, that they have a lot of --

23 MR. THAR: Executing on the plan they
24 put before you and be truthful about it.
25 And if they can demonstrate in six months



1 or such earlier time as this Commission may
2 be familiar, that they are in fact
3 functioning that way not just to get
4 through this plan, but as an overall change
5 in operation and Indiana property policy
6 that it could be lifted.

7 We can put in there, we can review it
8 in six months. If we have to, we can
9 review it any time earlier or any time
10 later, if we decide to.

11 MS. BOCHNOWSKI: I would like to
12 include -- review in six months, because we
13 will have to -- and then we'll look at
14 specific steps that have been taken. At
15 that time.

16 CHAIRMAN VOWELS: Right. And with
17 the six months review, there would have to
18 be substantial change in what is going on
19 it -- if they are just going along and
20 making some progress, then I would want to
21 keep it in place. But the presumption
22 would be that it would stay in place, and
23 it is their burden to show us that it
24 shouldn't.

25 But, with all of that in mind, is



1 there a motion in reference to whether --

2 DR. ROSS: I'd like to.

3 CHAIRMAN VOWELS: Just a moment, I'm
4 sorry, I spoke to soon. Is there any
5 response to this, Mr. Alanais? Anything
6 else that you would like to add if
7 probation would be the way that the
8 Commission went?

9 MR. ALANAIS: No, sir. Although we
10 would obviously like to review and make
11 certain, but can't be done before this
12 Board acts, but I'll come back to you if
13 there was an issue as relates to debt
14 instrument. And make certain under debt
15 instruments, they're obviously are
16 conditions that we are able to continue to
17 operate business.

18 I don't think this would impact any
19 of those. I don't think this action would
20 trigger any of those. But -- and so I am
21 not suggesting that you change your
22 decision based upon that, I'm just simply
23 telling you that we will review that. And
24 if there was some issues, we would come
25 back to Mr. Thar with that. But that is



1 what it is.

2 MR. THAR: I asked the question
3 earlier, so I'll reask: Do you wish to
4 confer with any legal counsel or anybody
5 else?

6 What, if any, adverse effects do you
7 believe your company would experience if
8 placed on probation? I asked it with
9 respect to fine and/or probation and/or
10 suspension. Now I'll direct it straight to
11 probation basis. This is your opportunity,
12 that's why I asked.

13 MS. BOCHNOWSKI: If you want to go
14 over and talk to them privately for a
15 second.

16 MR. ALANAIS: Mr. Johnson recommends
17 to us if we could ask for a five-minute
18 recess?

19 If we can just discuss it and make
20 certain that we're providing you with our
21 best accurate information as best we have
22 to answer your question, Mr. Thar?

23 CHAIRMAN VOWELS: Okay. I think
24 that's fair, so you can consult.

25 All right. We will take a 10-minute



1 break.

2 The Grand Victoria hearing for
3 relicensing is now scheduled for 2:30.

4 (Short break taken.)

5 CHAIRMAN VOWELS: I'm not sure who is
6 all about up there with Mr. Alanais.

7 You have had an opportunity to mull
8 this over, I assume?

9 MR. ALANAIS: Yes.

10 CHAIRMAN VOWELS: Have you determined
11 whether there would be any ramifications,
12 or do you have any other information you
13 would like to give to us?

14 MR. ALANAIS: Mr. Chairman, members
15 of the Commission, we have heard this
16 Commission loud and clear and admonishment
17 to us. We have, to the best of our
18 knowledge, tried to contact attorneys in
19 other states and determine the
20 ramifications. We believe this would cause
21 a ripple effect and that probation means
22 different things in different places and
23 creates issues with respect to how other
24 jurisdictions might view this.

25 What we would like to propose to the



1 Commission for its consideration is
2 something which hopefully would address
3 this issue without creating the problems
4 that would be associated with immediate
5 probation.

6 And we would like to propose that we
7 would achieve within 90 days by, let's say
8 the end of the quarter of next year, a
9 combined WBE/MBE percentage of 28 percent
10 to 30 percent, if this Commission so deems
11 appropriate. And that if we did not do
12 that, then the Commission would take
13 appropriate action at that point, whatever
14 it deemed to be appropriate in its
15 discretion, to demonstrate that the
16 commitment that we had made had not been
17 fulfilled.

18 But we would like -- this has been a
19 very difficult year for us. We have
20 suffered losses. As Mr. Thar said, we have
21 not caught a break this year. We have also
22 had people in place that did not get their
23 job done, and in a number of different
24 respects we have made those changes. We
25 have, we believe, turned over a new leaf,



1 and have an attitude and approach to this
2 Commission that we believe will be
3 satisfactory to it and we hope in time
4 exemplary.

5 So that we would ask that we be given
6 an opportunity to demonstrate to you for a
7 short period of time, but that, in fact,
8 this new regime is in place. It is
9 committed to well exceeding the statutory
10 goals that are out there, and demonstrating
11 that this plan will be immediately
12 implemented and have immediate impacts.
13 And that if we do not achieve that within
14 the 90-day period, action could be taken at
15 that time.

16 CHAIRMAN VOWELS: Our concern is the
17 goal -- are the goals, but also the
18 credibility issue. And that's part of our
19 concern here this morning. The problems
20 that have existed in the past, the recent
21 past. Mr. Thar, do you have any questions
22 or thoughts?

23 MR. THAR: A few things. I'm
24 advising the Commission here, is it a term
25 of probationary interpretation need



1 utilized in our statute restrict limit or
2 something else. Term probationer would
3 have been agreed type of status for their
4 license, that's for one condition, number
5 one. And even though it is not a statutory
6 rule promulgated, we could agree to, in
7 such case we have such powers that are
8 necessary to enforce that.

9 They are probably accurate in their
10 representation that what we may call
11 probationary and nonstatutory, may very
12 well be of a different meaning in a
13 different jurisdiction. We may have
14 difficulty understanding what needs to be
15 accomplished, some type of a situation with
16 regard to their present status.

17 But they know if they don't comply,
18 the next step is more severe. So if what
19 you're proposing is that we give you until
20 the end of the first quarter of 2002, to
21 show a strong effort in compliance, now
22 your saying 28-30 percent combined, if
23 that's the figures you want us to accept,
24 we will accept them. But in the event that
25 you do not carry through with what is



1 stated in this agreement, as Ms. Fleming
2 has already accepted amendment thereto and
3 the times, that you don't get the
4 percentage you're talking about now, and
5 that you would then realize if you don't do
6 that by the end of the first quarter, we
7 will go to a statutory remedy, then it is
8 up to the Commission. I think that's
9 adequate. I think it gets some attention.

10 MS. BOCHNOWSKI: Well, I can live
11 with that. Talking about looking at this
12 again in three months?

13 MR. THAR: First meeting after the
14 close of the first quarter, sometime second
15 quarter 2002.

16 MR. MILCAREK: Are these goals?

17 MR. THAR: They are the ones throwing
18 them out. They better be realistic.
19 Expenditures on lousy food and service --
20 companies, that doesn't help, it hurts.

21 MR. ALANAIS: We understand that
22 fully.

23 MR. MILCAREK: Do you understand you
24 can attain those goals comfortably, the 28
25 percent that you're proposing?



1 MR. ALANAIS: Well, I think we can
2 get to the 28 percent by the end of the
3 quarter. I think that by that third month
4 of March we can be at 28 percent. So we
5 could achieve that. It is only a few days
6 now until January, it might be difficult
7 for us to be able to wrap up so the average
8 is two percent for the whole quarter. But
9 we will be at that 28 percent by the end of
10 the quarter moving forward. So, yes, we're
11 prepared to commit we will be at 28 percent
12 by the end of the quarter or for the month
13 of March.

14 MS. BOCHNOWSKI: We're not talking 28
15 percent for three months, you're talking
16 about -- at that point you will be buying
17 28 percent of your goods and services?

18 MR. ALANAIS: Yes.

19 MR. THAR: Except we don't deal with
20 combined percentage. If you notice with
21 regard to the charts, they have never met
22 MBE 10 percent.

23 MS. BOCHNOWSKI: Okay. Right.

24 MR. THAR: If you still haven't met
25 10 percent MBE, you make it up 25 percent



1 WBE, then you can get above your 28 or 30
2 percent which satisfies the statute here.

3 MS. BOCHNOWSKI: We still need to
4 satisfy statutory goals within that.

5 MR. ALANAIS: Absolutely. We
6 understand the challenge in our MBE area
7 and our WBE is a level well in excess. Now
8 the emphasis and all the energy and effort,
9 concentration of dollars, would be in the
10 MBE area to be able to get that number up
11 and have a combined percentage, then be in
12 that 28 percent. But both of them are well
13 above the statutory guidelines.

14 MS. BOCHNOWSKI: So that will be your
15 level on that day?

16 MR. ALANAIS: For the month of March.
17 For the report that we provide to the staff
18 for the month of March.

19 MR. THAR: Now you would have to have
20 first quarter statistics to show that for
21 the first quarter of 2002, you hit whatever
22 percentage you're representing to us today,
23 you're going to hit not one day, during
24 January, February, March, we made
25 experimenters over this period of time,



1 which based upon our overall expenditures
2 would carry through with this percentage
3 for this year against our budget.

4 MR. ALANAIS: My only concern is our
5 ability to be able to hit that level
6 immediately. That's why what we were
7 suggesting was we would be at 28 percent.
8 If we want to say we have averaged 25
9 percent for the quarter and hit 28 percent
10 in that last month, that's because that's
11 how it is going to wrap up. It won't be
12 able to happen exactly overnight. So --

13 MR. THAR: Why do you set impossible
14 goals? You never hit an MBE number yet.
15 Why can't you tell us you're going to be in
16 excess of 10 percent MBE and you will
17 maintain or try to maintain your current
18 expenditures, WBE through the first quarter
19 of 2002, if you don't do that, there will
20 be ramifications. If you're going to pick
21 28 and give us excuses, why don't you pick
22 50 percent and give us some more excuses.

23 CHAIRMAN VOWELS: And the thing is,
24 it is a percentage of all your expenses. I
25 mean, if we look at your expenses for that



1 first quarter and they're dramatically
2 lower than what you have in orders prior to
3 that and hit ten and five percent, that's
4 going to look awfully suspicious.

5 MR. ALANAIS: The only thing I would
6 want to point to you is that there is some
7 construction numbers in the last three
8 quarters related to the completion of the
9 golf course. And so our numbers will not
10 go down as it relates to other areas. But
11 I don't -- but the golf course is now
12 complete, has been paid for. And so some
13 of those numbers, Mr. Chairman, that number
14 with respect to construction will not be in
15 future reports because the golf course is
16 complete.

17 CHAIRMAN VOWELS: That's
18 unacceptable, given your past performance.
19 I can envision a situation where you hardly
20 spend any money at all during the first
21 quarter on purchases, and find WBE and MBE
22 to spend a little bit of money on and hit
23 five percent, 10 percent. My point is
24 we're on to you.

25 MR. ALANAIS: I understand.



1 CHAIRMAN VOWELS: So if that's the
2 attempt that would be made, it is not going
3 to go anywhere.

4 MR. ALANAIS: We're fully aware of
5 that.

6 CHAIRMAN VOWELS: Well, okay. You
7 know part of our concern is here, and we
8 had this concern when we gave out this
9 license was whether it was viable or not.
10 And this company needs to remain viable for
11 the benefit of the State of Indiana.
12 Whether the people that we see here in
13 front of us, have better years personally
14 or not, is not my concern. But the fact
15 that this company advertises something that
16 we have licensed and we put it off for
17 quite awhile, we weren't sure it was a good
18 idea, and we did it. And I don't want to
19 be proven right on that score.

20 The point of this is, I really don't
21 want to put them in anymore financial bind
22 than they are already in, because they need
23 to survive. We haven't had a company in
24 Indiana in any real risk situation. So you
25 -- and I don't want them to be the first.



1 And the ramifications of the term of
2 probation did have a big ripple effect. I
3 am not sure where that leads us if we
4 don't, we aren't there.

5 Mr. Thar, did you have an idea in
6 that regard?

7 MR. THAR: Very simple, if I
8 understand the offer that they are making.
9 At the end of the first quarter they are
10 agreeing that -- they are stating to us
11 they will be in compliance at least 10
12 percent on MBES; is that correct?

13 MR. ALANAIS: (Nodding
14 affirmatively.)

15 CHAIRMAN VOWELS: And minority --

16 MR. THAR: And minority current
17 business with WBE's that they are
18 utilizing. And if they are not, when we
19 review it, they recognize that we will go
20 to a statutory remedy. Is that what you're
21 proposing?

22 MR. ALANAIS: Yes.

23 CHAIRMAN VOWELS: Do you know what
24 those statutory remedies are?

25 MR. ALANAIS: Yes, I do.



1 MS. BOCHNOWSKI: Now, I'd like to
2 take that one step further. We will look
3 at this at the end of three months. We
4 have also approved this plan.

5 MR. ALANAIS: We understand that.

6 MS. BOCHNOWSKI: You're reports every
7 Monday on the 20th of the month.

8 MR. ALANAIS: That's correct,
9 implementing the plan.

10 MS. BOCHNOWSKI: You're taking a risk
11 even after the three months that we would
12 resort to statutory?

13 MR. ALANAIS: We understand. We're
14 committed to that plan and to the
15 implementation of that plan. And that this
16 is ongoing, ongoing review. An ongoing
17 necessity on our part to demonstrate
18 performance.

19 CHAIRMAN VOWELS: Are there any other
20 thoughts on that? Would you like to add
21 something?

22 MR. HUNLEY: Mr. Chairman, members of
23 the Commission, Executive Director Thar,
24 and staff. My name is William Wade Hunley.
25 I'm current chief operating officer of the



1 company. I have been with the company
2 since September of this year. Joined the
3 company from Argosy Casino Resort. I want
4 to address a couple of things you mentioned
5 to Mr. Alanais previously.

6 First of all, in terms of the
7 corporate, the time for corporate focus on
8 Belterra and focusing in Indiana. I will
9 assure you that it is my responsibility to
10 focus on our current operations, not our
11 new facility in Lake Charles. I'll be very
12 busy for the next six months, at least I'll
13 be. I won't be involved in that much at
14 all. There is no more important property
15 to us and to our company then Belterra at
16 this.

17 As you're well aware, we haven't
18 performed particularly well over the past
19 12 months at Belterra in a whole lot of
20 areas. Not just our failure with respect
21 to what we have been talking about here
22 today.

23 We have a very heavy focus, and with
24 Mr. Uboldi, we will -- our goal will not be
25 in this area. I understand the



1 seriousness, complexity of what we're
2 talking about today. It is very clear from
3 the Commission. It is very clear on our
4 part within our company. It is one of the
5 first things that leaps. And I talked
6 about when he joined our company, he's been
7 on the property I guess about two weeks.
8 Our goal will have the best MBE/WBE program
9 in the State of Indiana. Based on our past
10 failures, I think that's what is going to
11 be required to gain your confidence with
12 respect to how our property and our company
13 has dealt with staff in the past.

14 That's a very serious issue. There
15 is no excuse for how we have dealt with
16 staff in the past. If there has been any
17 failures, it sounds like we have, I assure
18 you there will be no failures going forward
19 into the future, and you will see new
20 attitudes on our parts with respect to how
21 we're dealing with you.

22 And it is very important we have
23 begun to gain credibility back from you as
24 a Commission and as a State, and I think
25 we're very committed to doing that. And



1 there is nothing more important to us as to
2 approach it. I wanted to make that clear.
3 I understand the seriousness of these
4 impositions.

5 CHAIRMAN VOWELS: All right. Thank
6 you.

7 Are there any other thoughts on what
8 has been proposed to us? Is there any
9 thought to accepting their proposal?

10 DR. ROSS: I think we should.

11 CHAIRMAN VOWELS: All right.

12 MS. BOCHNOWSKI: We don't have to --

13 MR. THAR: I think since we're going
14 to prepare an order that accepts their
15 plan, amendments that were discussed here
16 \$750 could be increased in time, but cannot
17 draw anything out by approval and reporting
18 requirements, that we might also add in
19 that same order, whether or not we want to
20 accept their offer today, that they will
21 have to attain the minimum of 10 percent
22 MBE and minimum of five to meet the
23 statutory goals with regards to MBE first
24 quarter 2002. Report live at our first
25 meeting second quarter, first live meeting.



1 And if they are not, if they have not done
2 that, they recognize that we will progress,
3 if we desire, to statutory goals and
4 statutory revenues.

5 MS. BOCHNOWSKI: I could make a
6 motion that said all that you just said
7 should be added to the order that we're,
8 that you and the staff is preparing.

9 CHAIRMAN VOWELS: All right. Is
10 there a second to that motion?

11 DR. ROSS: Second.

12 CHAIRMAN VOWELS: Is there any
13 further discussion?

14 All those in favor say aye.

15 (All said aye.)

16 CHAIRMAN VOWELS: I show that that is
17 approved and adopted. We have essentially
18 the same goal here, that your company is
19 successful and what benefits you benefits
20 the State of Indiana. But as a regulatory
21 body, we have to enforce the statute and
22 the regulations. And our staff doesn't
23 need any bumps in the road. And they are
24 straightforward people and honest people.

25 And you have counsel. we see a lot of



1 credibility in counsel in front of us, and
2 you have chosen credible counsel. And you
3 do just make sure that, I mean, we're
4 looking at the top guys here, those people
5 that -- I want to be on the Gaming
6 Commission -- when I see people at your
7 level out and about at these meetings, they
8 are very nice, then I go on a boat and they
9 are like, who are you?

10 So it only goes down so far as people
11 being nice to me. My point is, you need to
12 be able to communicate those things to the
13 people below you because you're the guys
14 that have to come in here and face this
15 stuff. And we have essentially the same
16 goal, especially we have to regulate. And
17 the staff doesn't need anymore headaches
18 than they already have. And we will deal
19 with it accordingly, if there are
20 headaches.

21 All right. Anything further?

22 MR. THAR: The next -- Mr. Uboldi,
23 would you like to say anything? We welcome
24 you to Indiana.

25 MR. UBOLDI: I just arrived a couple



1 of weeks ago. I hope you understand me
2 with my French accent. I'm a U.S. citizen,
3 still have an accent. It is a good thing I
4 came this morning. I fully realize the
5 problem of the company. I have been
6 explained before this. Listening to you, I
7 fully realize where the problem is. And I
8 can tell you it was already my first
9 priority, now it is by far my first
10 priority. And I'm pretty sure we can do
11 exactly what we promised to do.

12 CHAIRMAN VOWELS: The problem with
13 the promise, you're absolutely held. You
14 have locked yourself in here today. So you
15 got to do everything else.

16 All right. Anything else further on
17 this issue?

18 MS. BOCHNOWSKI: I enjoy the accent.

19 CHAIRMAN VOWELS: All right. Thank
20 you. I guess there is no other business is
21 there?

22 We have to adjourn the business
23 meeting.

24 We will begin the license meeting at
25 3:00 for Grand Victoria. I am not sure how



1 far that puts us behind. We apologize for
2 the delay.

3 So we will see you all in about an
4 hour.

5 (Business meeting adjourned for
6 lunch.)
7
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